



June 2017

CUSTOMS AND BORDER PROTECTION

Improved Planning Needed to Strengthen Trade Enforcement

Accessible Version

GAO Highlights

Highlights of [GAO-17-618](#), a report to congressional committees

Why GAO Did This Study

In fiscal year 2015, CBP processed more than **\$2.4 trillion** in imports through more than 300 ports of entry, collecting around \$46 billion in revenue. CBP facilitates legitimate trade coming into the United States and enforces U.S. trade laws. CBP is tasked with collecting revenue and identifying harmful and noncompliant imports, such as counterfeit goods and goods that evade duties.

In February 2016, Congress passed an Act that included a provision for GAO to review the effectiveness of CBP's trade enforcement activities. In this report, GAO examines (1) CBP's structure for carrying out trade enforcement, (2) how CBP conducts trade enforcement across its high-risk issue areas and ensures that its enforcement activities are effective, and (3) the extent to which CBP meets its staffing needs for trade enforcement. GAO reviewed agency documents, interviewed agency officials, and conducted field work at ports in Baltimore, Maryland; Los Angeles/Long Beach, California; and New York, New York. GAO selected ports to visit based on factors including volume of imports and number of trade enforcement units at each port.

What GAO Recommends

To strengthen its trade enforcement efforts, CBP should (1) include performance targets in its plans covering high-risk issue areas, and (2) develop a long-term hiring plan specific to trade positions that articulates how it will reach its staffing targets. CBP concurred with both recommendations.

View [GAO-17-618](#). For more information, contact Kimberly Gianopoulos at (202) 512-8612 or GianopoulosK@gao.gov.

June 2017

CUSTOMS AND BORDER PROTECTION

Improved Planning Needed to Strengthen Trade Enforcement

What GAO Found

Two offices within U.S. Customs and Border Protection (CBP) enforce U.S. trade laws and protect revenue. The Office of Trade develops policies to guide CBP's trade enforcement efforts, while the Office of Field Operations conducts a range of trade processing and enforcement activities at U.S. ports. CBP's previously port-centric approach to trade enforcement has shifted to a national-level, industry-focused approach with the establishment of the Office of Field Operations' 10 Centers of Excellence and Expertise. These Centers represent a shift in trade operations, centralizing the processing of certain imported goods on a national scale through a single Center rather than individual ports of entry.

Counterfeit Goods Seized by U.S. Customs and Border Protection at a Port in New York



Source: GAO. | GAO-17-618

CBP conducts trade enforcement across seven high-risk issue areas using a risk-based approach, but its plans generally lack performance targets that would enable it to assess the effectiveness of its enforcement activities. Violations in the high-risk issue areas can cause significant revenue loss, harm the U.S. economy, or threaten the health and safety of the American people. CBP's trade enforcement activities reduce risk of noncompliance and focus efforts on high-risk imports, according to CBP. For example, CBP conducts targeting of goods, conducts audits and verifications of importers, seizes prohibited goods, collects duties, and assesses penalties. However, CBP cannot assess the effectiveness of its activities without developing performance targets as suggested by leading practices for managing for results.

Over the past 5 fiscal years, CBP generally has not met the minimum staffing levels set by Congress for four of nine positions that perform customs revenue functions, and it generally has not met the optimal staffing level targets identified by the agency for these positions. Staffing shortfalls can impact CBP's ability to enforce trade effectively, for example, by leading to reduced compliance audits and decreased cargo inspections, according to CBP officials. CBP cited several challenges to filling staffing gaps, including that hiring for trade positions is not an agency-wide priority. Contrary to leading practices in human capital management, CBP has not articulated how it plans to reach its staffing targets for trade positions over the long term, generally conducting its hiring on an ad hoc basis.

This is a public version of a sensitive but unclassified report that GAO issued in April 2017. Information that CBP deemed sensitive has been redacted.

Contents

Letter	1
Background	4
Two of CBP's Six Offices Conduct Trade Enforcement, with New Centers Changing the Way CBP Carries out Trade Operations Nationally	11
CBP Enforces Its Priority Trade Issues through a Layered, Risk-Based Approach but Generally Does Not Have Performance Targets for Its Activities	22
CBP Has Not Met Its Staffing Targets for Some of Its Trade Positions, Which Can Impact CBP's Trade Enforcement Efforts	35
Conclusions	42
Recommendations for Executive Action	43
Agency Comments and Our Evaluation	43
Appendix I: Past Audit Findings and Recommendations Related to U.S. Customs and Border Protection Trade Enforcement, Fiscal Years 2011-2016	45
Appendix II: Objectives, Scope, and Methodology	61
Appendix III: Organizational Structure of U.S. Customs and Border Protection's Office of Trade and Office of Field Operations	68
Appendix IV: Status of U.S. Customs and Border Protection's Seven Priority Trade Issue Plans	70
Appendix V: Comments from the Department of Homeland Security	71
Appendix VI: GAO Contacts and Staff Acknowledgments	73
Appendix VI: Accessible Data	74
Data Tables	74
Agency Comment Letter	75
Text of Appendix V: Comments from the Department of Homeland Security	75

Tables

Table 1: CBP's Priority Trade Issues as of February 2017, with Examples of Violations and Potential Enforcement Actions	7
Table 2: Directorates in CBP's Office of Trade	12
Table 3: CBP Office of Field Operations' Trade Enforcement-Related Directorates	14
Table 4: Positions in CBP that Perform Trade Functions, Including Trade Enforcement	15
Table 5: Comparison of Mandated, Optimal, and Actual Staffing Levels for CBP's Mandated Trade Positions, End of Fiscal Years 2012–2016	37
Table 6: Optimal and Actual Staffing Levels for CBP's Nonmandated Trade Positions, as of October 2014	38
Table 7: U.S. Government Accountability Office Audits Pertaining to Trade Enforcement, Fiscal Years 2011-2016	47
Table 8: Open GAO Recommendations and Their Status, as of October 2016	50
Table 9: DHS Office of Inspector General Audit (OIG) and Inspection Reports Pertaining to Trade Enforcement, Fiscal Years 2011-2016	53
Table 10: Open DHS Office of Inspector General Recommendations and Their Status, as of October 24, 2016 ⁵⁷	
Table 11: Status of CBP's Strategic or Annual Plans for the Seven Priority Trade Issues, as of February 2017	70
Data Table for Figure 10: Number of GAO Recommendations by Topic Related to U.S. Customs and Border Protection Trade Enforcement, Fiscal Years 2011-2016	74
Figure 11: Number of DHS Office of Inspector General Recommendations by Topic Related to Trade Enforcement, Fiscal Years 2011-2016	74

Figures

Figure 1: Organizational Structure of U.S. Customs and Border Protection	9
Figure 2: Simplified Process by Which Goods Can Flow into the United States through Different Stages, and CBP's Role at Each Stage	10
Figure 3: Organizational Chart for the Trade Policy and Programs Directorate in CBP's Office of Trade	13
Figure 4: Management Locations of CBP Centers of Excellence and Expertise and Industry Sectors	17

Figure 5: Generalized Example of Processing of Imported Goods, Before and After CBP Established the Centers of Excellence and Expertise	19
Figure 6: Staff Distribution of CBP’s Los Angeles Electronics Center of Excellence and Expertise	21
Figure 7: CBP Trade Enforcement Activities by Stage of Entry of Goods into the United States	23
Figure 8: Example of Targeted Goods Seized by CBP	28
Figure 9: Example of Products Seized by CBP That Were Sent through International Mail	31
Figure 10: Number of GAO Recommendations by Topic Related to U.S. Customs and Border Protection Trade Enforcement, Fiscal Years 2011-2016	48
Figure 11: Number of DHS Office of Inspector General Recommendations by Topic Related to Trade Enforcement, Fiscal Years 2011-2016	55
Figure 12: Organizational Structure of U.S. Customs and Border Protection’s Office of Trade	68
Figure 13: Organizational Structure of U.S. Customs and Border Protection’s Office of Field Operations	69

Abbreviations

AD/CVD	Antidumping and Countervailing Duties
AQI	Agricultural Quarantine Inspection
CBP	U.S. Customs and Border Protection
COAC	Commercial Customs Operations Advisory Committee
CTAC	Commercial Targeting and Analysis Center
C-TPAT	Customs-Trade Partnership Against Terrorism
DHS	Department of Homeland Security
FTZ	foreign trade zone
HSI	Homeland Security Investigations
ICE	U.S. Immigration and Customs Enforcement
ISA	Importer Self-Assessment
ITC	International Trade Commission
NTAG	National Targeting and Analysis Groups
OFO	Office of Field Operations
OIG	Office of Inspector General
SAFE Port Act	Security and Accountability for Every Port Act of 2006

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



June 12, 2017

The Honorable Orrin Hatch
Chairman
The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate

The Honorable Kevin Brady
Chairman
The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
House of Representatives

International commerce is an important component of the U.S. economy. In fiscal year 2015, the Department of Homeland Security's (DHS) U.S. Customs and Border Protection (CBP) processed more than \$2.4 trillion in imports coming into the United States through more than 300 ports of entry. In fiscal year 2015, CBP collected around \$46 billion in revenue, making it the second-largest revenue collection agency in the United States. While CBP facilitates trade coming into the United States, it must also enforce U.S. customs and trade laws that protect the nation's economy and the health and safety of the American public. CBP utilizes resources at its ports of entry across the United States to process the legitimate trade of goods and at the same time identify any harmful and noncompliant cargo¹ coming into the country, such as counterfeit goods, goods that are misclassified to evade duties, and goods that were made using forced labor.

¹"Cargo" refers to goods or items that are being transported by air, land, or sea.

The Trade Facilitation and Trade Enforcement Act of 2015 (the Act) was signed into law in February 2016 and codified the establishment of CBP.² According to CBP, the Act codified many existing CBP capabilities to enforce U.S. trade laws and regulations, streamline and facilitate the movement of legitimate trade, and interdict noncompliant trade. The Act defines trade enforcement as the enforcement of customs and trade laws of the United States.³ Enforcing trade also includes protecting revenue, which means ensuring that the duties and taxes owed on goods imported into the United States are collected. The Act contains a provision for GAO to report on the effectiveness of CBP's trade enforcement activities and, among other things, to provide a description of CBP's organization, use of resources, and trade enforcement activities covering all priority trade activities (to include targeting of goods), as well as previous recommendations related to trade enforcement and the implementation status of those recommendations.⁴

In this report, we examine (1) CBP's structure for carrying out trade enforcement, (2) how CBP conducts trade enforcement across its high-risk issue areas⁵ and ensures that its enforcement activities are effective, and (3) the extent to which CBP meets its staffing needs for trade enforcement. We also provide information on audits related to CBP's trade enforcement and the implementation status of any

²Pub. L. No. 114-125, 130 Stat. 122. Prior to the Act, CBP had been created through a presidential reorganization. The Homeland Security Act of 2002 (Homeland Security Act) transferred various functions to the Department of Homeland Security and established numerous bureaus therein including the United States Customs Service. In 2003, a Presidential Reorganization Plan Modification for the Department of Homeland Security renamed the Customs Service to the Bureau of Customs and Border Protection. The reorganization plan modification also specified that the "Bureau will include the resources and missions relating to borders and ports of entry of the Customs Service, the Immigration and Naturalization Service, including the Border Patrol and inspections program, and the agricultural inspections function of the Agricultural Quarantine Inspection Program." See Pub. L. No. 107-296, § 411, 116 Stat. 2135, 2178; and Reorganization Plan Modification for the Department of Homeland Security, H. Doc. 108-32, p. 4 (Feb. 4, 2003).

³Pub. L. No. 114-125, § 2(6).

⁴Pub. L. No. 114-125, § 102. The Act stipulates that GAO submit a report to the appropriate congressional committees no later than 1 year after the enactment of the Act.

⁵CBP defines "high-risk issue areas" as areas in which trade violations can cause significant revenue loss, harm the U.S. economy, or threaten the health and safety of the American people and refers to these areas as Priority Trade Issues.

recommendations made in such audits, including some recommendations that pertain to training related to CBP's trade enforcement (see app. I).

This report is a public version of a sensitive but unclassified report that we issued in April 2017. CBP deemed some of the information in our April report to be sensitive but unclassified, which must be protected from public disclosure. Therefore, this report omits sensitive information about targeting. Although the information provided in this report is more limited, the report addresses the same objectives as the sensitive report and uses the same methodology.

To examine CBP's structure for carrying out trade enforcement, we reviewed organizational charts for CBP and interviewed officials representing directorates and branches that have a trade enforcement component within CBP to better understand their role and organizational structure. To examine how CBP conducts trade enforcement across its high-risk issue areas and ensures that its enforcement activities are effective, we reviewed CBP documents pertaining to trade enforcement and high-risk issues, as well as strategic and annual plans and other documents. We also interviewed CBP officials who formulate trade policy and carry out trade enforcement. In addition, we visited CBP field offices in Baltimore, Maryland; Long Beach, California; and New York, New York, to observe trade enforcement activities and interview CBP officials located at air and sea ports. We selected the CBP ports and field offices to visit based on a number of factors, including the volume of imports coming through the ports and the number of relevant trade enforcement-related units at the port. To examine the extent to which CBP meets its staffing needs for trade enforcement, we assessed staffing data covering fiscal years 2012-2016 for the 15 trade positions that carry out trade functions identified in CBP's Resource Optimization Model—a tool that provides information on the optimal staffing levels necessary to carry out trade activities and adequately staff offices to address Priority Trade Issues. The minimum staffing level for 9 of these 15 trade positions was set by law in the Homeland Security Act of 2002 (Homeland Security Act).⁶ To provide information on audits related to CBP's trade enforcement and the implementation status of any recommendations made in such audits, we analyzed trade enforcement-related audits published between fiscal years 2011 and 2016.⁷ We selected audits that

⁶Homeland Security Act of 2002, Pub. L. No. 107-296, § 412(b), 116 Stat. 2135, 2180.

⁷We determined that audits published in the past 5 years would be most relevant to describing CBP's current state.

were conducted during this time period, that followed generally accepted government auditing standards or similar standards, and that contained recommendations made to DHS or CBP. See appendix II for a complete description of our objectives, scope, and methodology.

We conducted the performance audit on which this report is based from May 2016 to April 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We subsequently worked with CBP in May 2017 to prepare this public version of the original sensitive but unclassified report for public release. This public version was also prepared in accordance with these standards.

Background

History of CBP and Key Legislation Related to Trade

Historically, the U.S. Customs Service under the Department of the Treasury was responsible for collecting revenue from trade in the form of customs duties, taxes, and fees.⁸ However, these functions were transferred to DHS under the Homeland Security Act when the U.S. Customs Service was merged with parts of the Immigration and Naturalization Service and the Department of Agriculture's Animal and Plant Health Inspection Service to form CBP in March 2003.⁹ At that time, CBP's priority mission was homeland security, but the agency was also responsible for facilitating the movement of legitimate trade and people.¹⁰

⁸The U.S. Customs Service was created in 1789, and its mission was almost entirely focused on revenue collection.

⁹Pub. L. No. 107-296, tit. IV, and Reorganization Plan Modification for the Department of Homeland Security, H. Doc. 108-32, p. 4 (Feb. 4, 2003). Although the Homeland Security Act transferred the functions of the United States Customs Service to DHS, the act specified that the Secretary of the Treasury would retain the authority related to the customs revenue functions that was vested in the Secretary of the Treasury by law before the effective date of the Homeland Security Act. Pub. L. No. 107-296, § 403.

¹⁰CBP's 2005 to 2010 Strategic Plan stated that CBP's priority mission is homeland security. The plan articulated two missions: (1) preventing terrorists and terrorist weapons from entering the United States while facilitating the flow of legitimate trade and travel, and (2) ensuring homeland security.

Congress required in Section 412(b) of the Homeland Security Act that the Secretary of DHS, at a minimum, maintain the level of staff and associated support staff in certain customs revenue functions,¹¹ which was in part defined as those functions performed by staff in nine positions that were present in the U.S. Customs Service when it became part of DHS in 2003.¹² These customs revenue functions involve trade functions, including trade enforcement. For the purposes of our report, we refer to these as the nine mandated trade positions.

Since the creation of CBP, Congress has passed additional legislation that relates to CBP's trade functions. For example, the Security and Accountability for Every Port Act of 2006 (SAFE Port Act) requires CBP to prepare a resource model to determine the optimal staffing levels that are required to carry out commercial operations, including inspection and release of cargo and the revenue functions described in Section 412(b) of the Homeland Security Act.¹³ Accordingly, CBP developed the Resource Optimization Model for trade positions. In its model, CBP identified the staffing levels for 15 positions, of which 9 were the mandated trade positions from the Homeland Security Act, and 6 were nonmandated trade positions that also perform trade functions. According to CBP, the Resource Optimization Model generated a staff level range that projects the optimal staffing levels necessary for each of the 15 positions to conduct trade processing and enforcement across the seven Priority Trade Issue areas for a given fiscal year. CBP's Resource Optimization

¹¹Pub. L. No. 107-296, § 412(b). Although the Homeland Security Act transferred the functions of the United States Customs Service to DHS, the act specified that the Secretary of the Treasury would retain the authority related to the customs revenue functions that was vested in the Secretary of the Treasury by law before the effective date of the Homeland Security Act. Pub. L. No. 107-296, § 412. We previously reported on staff resources for customs revenue functions in GAO, *Customs Revenue: Customs and Border Protection Needs to Improve Workforce Planning and Accountability*, [GAO-07-529](#) (Washington, D.C.: Apr. 12, 2007).

¹²The Homeland Security Act specifies that customs revenue functions are those functions performed by the following staff and the associated support staff for nine positions: Import Specialists, Entry Specialists, Drawback Specialists, National Import Specialists, Fines and Penalties Specialists, attorneys of the Office of Regulations and Rulings, Customs Auditors, International Trade Specialists, and Financial Systems Specialists. Pub. L. No. 107-296, § 412(b).

¹³Pub. L. No. 109-347, § 403, 120 Stat. 1884, 1926.

Model is based on projected workloads, staffing needs, and attrition levels for trade positions, according to officials from CBP's Office of Trade.¹⁴

The Trade Facilitation and Trade Enforcement Act of 2015 acknowledged many existing CBP trade practices and enforcement processes, such as Priority Trade Issues and partnerships with the trade industry, and also placed additional requirements on CBP, such as enforcing revised U.S. laws concerning imported goods made using forced labor. The Act covers trade facilitation and trade enforcement issues such as import safety, protection of intellectual property, and prevention of evasion of duties. The Act also requires the development and implementation of Centers of Excellence and Expertise (Centers) that CBP had already been piloting and, among other things, centralizes CBP's trade enforcement and trade facilitation efforts. According to CBP officials, the Act complements and bolsters CBP's existing initiatives to enhance trade enforcement and facilitation.

CBP's Strategic Framework for Trade

According to CBP officials, two strategic documents inform the agency's approach to trade enforcement.¹⁵ *CBP Trade Strategy, Fiscal Years 2009-2013* is the most recent CBP trade-specific strategy, according to CBP officials. The strategy lays out four trade goals: (1) facilitate legitimate trade and ensure compliance, (2) enforce U.S. trade laws and collect accurate revenue, (3) advance national and economic security, and (4) intensify modernization of CBP's trade processes. According to officials in the Office of Trade, CBP's current trade priorities are reflected in CBP's *Vision and Strategy 2020* document.¹⁶ The document lays out four overarching strategic goals with objectives for CBP and addresses

¹⁴CBP issued its first resource allocation model report in fiscal year 2015. This model reflected the optimal staffing level ranges estimated for fiscal years 2015 to 2022 and actual staffing levels as of October 4, 2014. CBP is required to submit a resource allocation model report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives every 2 fiscal years. GAO did not independently assess and validate the optimal staffing models' ranges.

¹⁵CBP strategic frameworks related to trade are also reflected in DHS strategic plans. For example, the *Fiscal Years 2014-2018 Strategic Plan* for DHS lists "Secure and Manage Our Borders" as one of its missions, with trade priorities reflected in a goal focused on "Safeguard and Expedite Lawful Trade and Travel."

¹⁶CBP, *Vision and Strategy 2020: U.S. Customs and Border Protection Strategic Plan* (Washington, D.C.: March 2015).

the agency's dual security and trade mission. Two of these four goals address trade enforcement.¹⁷

CBP's Priority Trade Issues

CBP's Priority Trade Issues are high-risk issue areas in which violations can cause significant revenue loss, harm the U.S. economy, or threaten the health and safety of the American people, according to CBP. Priority Trade Issues focus CBP's actions and resources to better direct an effective trade facilitation and enforcement approach, according to CBP.¹⁸ Table 1 provides information on CBP's Priority Trade Issues and examples of violations and enforcement actions that can occur. The Act required CBP to establish seven Priority Trade Issues, of which five already existed prior to being mentioned in the Act, according to CBP.¹⁹

Table 1: CBP's Priority Trade Issues as of February 2017, with Examples of Violations and Potential Enforcement Actions

Priority Trade Issue	Objective(s)	Example(s) of violation	Example(s) of potential enforcement action
Agriculture Programs	Facilitate the lawful importation of agriculture products and ensure that quotas are not exceeded.	Agricultural goods, such as dairy products, claim false country of origin to evade agriculture quotas and receive lower duty rates. The poundage quota for a good, such as peanuts, is exceeded.	Target high-risk shipments for screening. Demand duties owed. Issue penalties.

¹⁷The two strategic goals for CBP that address trade enforcement are goals 2 and 3. *Goal 2* covers advancing comprehensive border security and management and focuses on safeguarding and managing air, land, and maritime borders through the active administration of U.S. laws to include cross-border criminal activity, screening and scanning at ports, and comprehensive trade enforcement. *Goal 3* covers enhancing U.S. economic competitiveness by enabling lawful trade and travel and focuses on advancing U.S. economic competitiveness and promoting economic prosperity with public, private, and international partners.

¹⁸Later in this report we discuss CBP strategic and/or annual plans that support each Priority Trade Issue.

¹⁹Pub. L. No. 114-125, § 117. Revenue has been periodically designated as a Priority Trade Issue for CBP since the agency was created in 2003, according to CBP officials. Agriculture programs became a Priority Trade Issue for CBP in February 2016.

Priority Trade Issue	Objective(s)	Example(s) of violation	Example(s) of potential enforcement action
Antidumping and Countervailing Duties(AD/CVD) ^a	Facilitate the lawful importation of merchandise subject to antidumping and countervailing duty laws, enforce requirements, and promote the timely and accurate collection of these duties without placing an undue burden on importers and international trade.	Goods, such as garlic, are misclassified to evade antidumping and countervailing duties. The price of goods is falsified to reduce the amount of antidumping and countervailing duties owed.	Target high-risk shipments for screening. Issue penalties. Demand additional bond coverage and/or duties owed. ^b
Import Safety	Develop import safety strategies that expand and emphasize a cost-efficient, risk-based approach to import safety.	Goods, such as a hover board with explosive batteries and toys with lead, pose a safety hazard to the consumer.	Target high-risk shipments for examination. Seize or deny entry of unsafe goods. Issue penalties.
Intellectual Property Rights (IPR)	Facilitate the lawful importation of IPR-protected merchandise and improve the effectiveness of IPR enforcement by ensuring a single, uniform approach and focusing on known or alleged violators with high aggregate values or whose infringing products threaten national security, health and safety, or economic security.	Goods infringe on U.S. patents, trademarks, and copyrights, such as counterfeit pharmaceuticals, batteries, apparel, and electronic games.	Target high-risk shipments for examination. Seize counterfeit and pirated goods or deny entry of goods covered by exclusion orders. Issue penalties.
Textiles and Wearing Apparel	Facilitate the lawful importation of textiles and wearing apparel and ensure the effective enforcement of the anticircumvention laws, trade agreements, and trade legislation regarding the importation of textiles and wearing apparel.	The duties on textiles or wearing apparel are improperly paid by the importer for a variety of reasons, such as misclassification, undervaluation, or unsupported trade agreement preference claims to receive a lower duty.	Target high-risk shipments for examination. Issue penalties. Demand duties owed.
Trade Agreements and Preference Programs	Facilitate legitimate trade and address areas of noncompliance while effectively communicating the terms of U.S. free trade agreements and preferential trade legislation. The Trade Agreement's Priority Trade Issue is limited to goods other than textiles and apparel.	An importer makes a false free trade agreement claim to receive a lower duty rate for a good that did not meet the rules of the agreement.	Target high-risk shipments for examination. Issue penalties. Demand duties owed.
Revenue	Maximize collection efforts by ensuring strong controls over the revenue process and by focusing on material revenue risks.	The duties on goods are improperly paid by the importer for a variety of reasons, such as misclassifying goods to receive a lower duty.	Issue penalties. Demand duties owed.

Source: GAO analysis of U.S. Customs and Border Protection (CBP) information. | GAO-17-618

Notes:

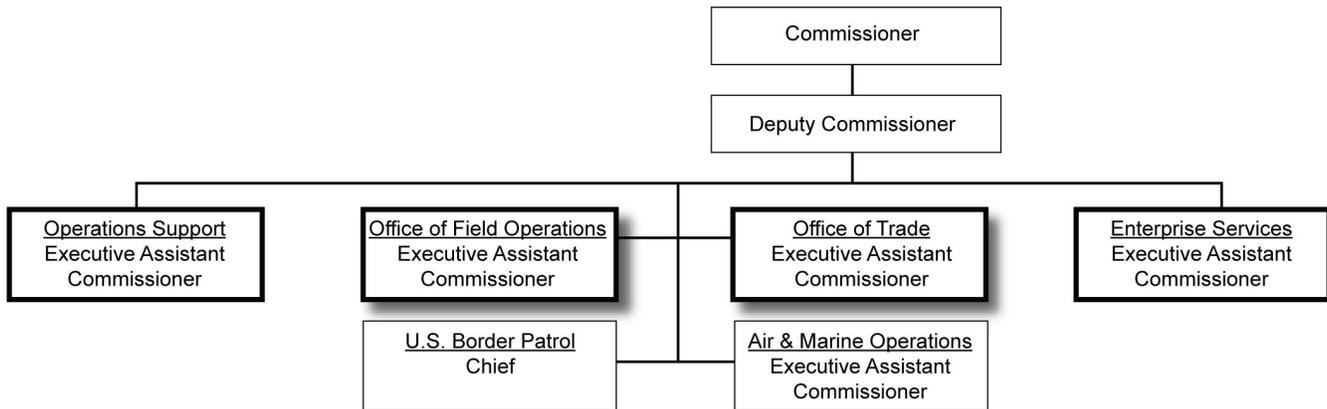
^aTo remedy injurious foreign trade practices, the Department of Commerce assesses antidumping duties on products imported at unfairly low prices (i.e., dumped) and countervailing duties on products subsidized by foreign governments.

^bTo ensure payment of unforeseen financial obligations to the U.S. government, most importers are required to post a security, usually a customs bond. The bond is like an insurance policy protecting the U.S. government against revenue loss if an importer defaults on its financial obligations.

CBP's Organization

CBP is led by a Commissioner who oversees CBP's dual mission of protecting national security objectives while promoting economic prosperity and security, according to CBP documents.²⁰ This mission was being carried out by more than 60,000 employees as of March 2017, with less than 20 percent working on trade-related issues, according to CBP officials. Two of CBP's six offices are involved in carrying out trade enforcement: the Office of Trade and the Office of Field Operations (see fig. 1). Two other CBP offices, Enterprise Services and Operations Support, provide the Office of Trade and the Office of Field Operations with technical and administrative support for trade enforcement.

Figure 1: Organizational Structure of U.S. Customs and Border Protection



Source: GAO analysis of U.S. Customs and Border Protection information. | GAO-17-618

Flow of Goods into the United States and CBP's Role

The flow of imports, or goods, into U.S. commerce is a regulated, multifaceted process that CBP is responsible for facilitating and enforcing. Imported goods enter at over 300 ports by air, land, or sea. The flow of goods can be characterized by three stages: pre-entry, entry, and post-entry (see fig. 2).

²⁰The President of the United States nominates the CBP Commissioner, and the position is filled after confirmation hearings in the Senate.

Figure 2: Simplified Process by Which Goods Can Flow into the United States through Different Stages, and CBP’s Role at Each Stage



Sources: GAO analysis of U.S. Customs and Border Protection (CBP) information; PhotoDisc and GAO (photos). | GAO-17-618

- **At pre-entry**, before goods leave their country of origin and prior to goods arriving at a U.S. port of entry, importers and carriers file paperwork and provide required advance electronic information for CBP to review.²¹
- **At entry**, importers or brokers file entry documents when goods reach a U.S. port of entry where CBP scans²² and possibly examines²³ them for import security and trade enforcement purposes before they enter into U.S. commerce. In some cases, CBP may target cargo for examination based on a risk assessment. Cargo that is scanned or inspected may be deemed as nonadmissible because of trade law violations, among other things. If CBP finds such violations, it may seize the cargo and issue penalties and/or fines. If the goods pose a risk of nonpayment of duties, and the shipment meets certain

²¹19 C.F.R. § 4.7(b). CBP reviews the manifest and other information for security and trade-related purposes. Specific filing requirements differ, depending on a number of criteria, including the mode of entry (air, land, or sea) or the country of origin of the goods.

²²For security purposes, CBP uses nonintrusive inspection technology, such as imaging and radiation detection devices, to scan cargo arriving by air, sea, or mail.

²³CBP uses the term “exam” to refer to a range of actions, including paperwork reviews, nonintrusive exams, and physical exams in which CBP examines all or a portion of the cargo.

requirements, CBP may require additional bond coverage. Admissible goods are released from the port and enter into U.S. commerce.

- **At post-entry**, importers or brokers file an additional set of entry summary documents that CBP reviews to ensure trade compliance, after entry of the goods has been authorized. CBP verifies the importer's cargo classifications and calculation of customs duties, taxes, and fees owed, taking action when needed. For example, CBP may determine that an importer misclassified cargo in an attempt to pay lower duty rates, such that the agency issues the importer a bill for a greater amount based on the proper classification and possibly applies a penalty. CBP also continues to review and process trade information provided by the importer. For example, CBP may conduct audits and reviews and validate information provided by the importer to check for importer compliance.

Two of CBP's Six Offices Conduct Trade Enforcement, with New Centers Changing the Way CBP Carries out Trade Operations Nationally

CBP's trade policy, processing, and enforcement are primarily carried out by two offices—the Office of Trade and the Office of Field Operations. The Office of Trade develops policies to guide trade enforcement efforts, while the Office of Field Operations conducts a range of trade processing and enforcement activities at ports. CBP staff in a variety of positions, including import specialists and CBP officers, conduct a range of trade processing and enforcement activities. CBP's previously port-centric approach to trade enforcement has shifted to a national-level, industry-focused approach with the establishment of the Office of Field Operations' 10 Centers of Excellence and Expertise. These Centers represent a shift in trade operations, centralizing the processing of imported goods on a national scale through a single industry-related Center rather than individual ports of entry.

The Office of Trade Develops Trade Policies and Guides the Office of Field Operations' Trade Enforcement Efforts

Within CBP, the Office of Trade is the lead entity for trade policy and operational guidance. The Office of Trade is responsible for developing policy and practices to ensure that importers comply with U.S. trade laws

and regulations, directing enforcement when compliance does not occur, and facilitating processes with industry partners. The Office of Trade guides the Office of Field Operations' trade enforcement efforts at the ports through policy documents and directives, according to CBP officials. The Office of Trade is composed of six directorates: five are focused on trade issues, and one provides human capital and financial support to the office (see table 2 for a description of the directorates and app. III for an organizational chart of the Office of Trade).

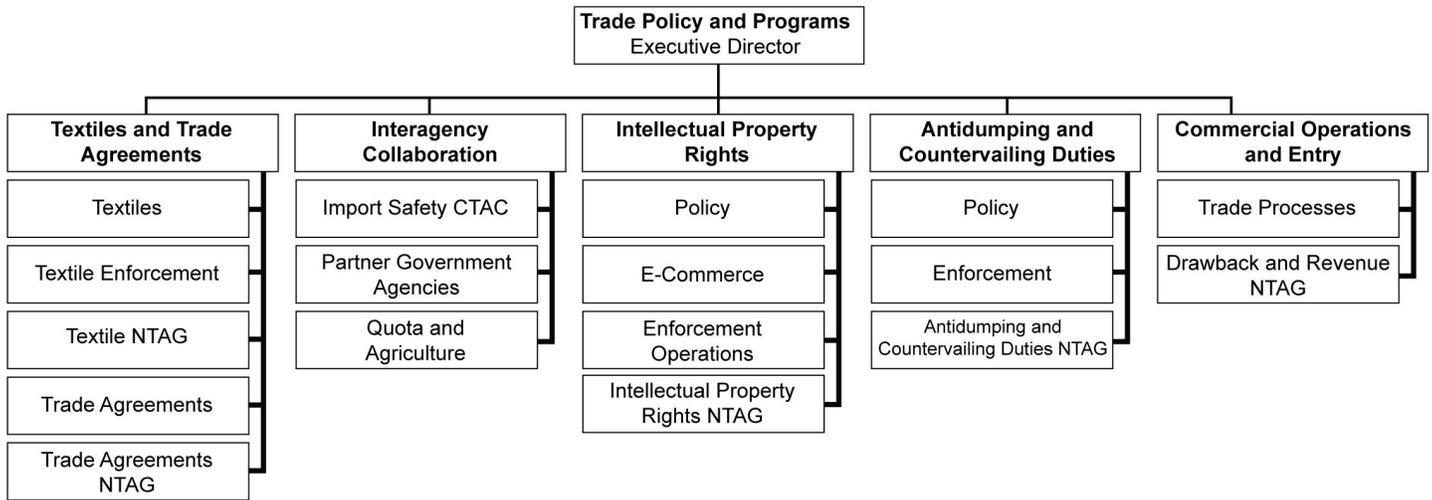
Table 2: Directorates in CBP's Office of Trade

Directorate	Description
Regulatory Audit	Conducts compliance audits of entities, such as importers and customs brokers, and audits in support of criminal and civil investigations, and provides nonaudit services to facilitate legitimate trade.
Regulations and Rulings	Supports conformance and compliance with customs and trade laws, including revenue protection. Provides administrative rulings and protest decisions, issues enforcement decisions on civil violations of trade laws, and develops and drafts CBP's regulations for the agency.
Resource Management Division	Provides human capital and financial support for staff and resources.
Trade Policy and Programs	Develops policy guidance and drives enforcement efforts.
Trade Remedy Law Enforcement	Develops and implements processes for detecting fraudulent activities and supports immediate enforcement action.
Trade Transformation Office	Coordinates CBP's technology modernization efforts, including planning, development, and maintenance of the Automated Commercial Environment, the primary system through which the trade community reports import information.

Source: GAO analysis of U.S. Customs and Border Protection (CBP) information. | GAO-17-618

The Trade Policy and Programs directorate oversees CBP's seven Priority Trade Issues, according to CBP officials. Each branch within this directorate is headed by a director who oversees components covering policy, enforcement, targeting, and operations as they relate to enforcement of the Priority Trade Issues at the field office and port level. See figure 3 for an organizational chart of the Trade Policy and Programs directorate and its branches.

Figure 3: Organizational Chart for the Trade Policy and Programs Directorate in CBP's Office of Trade



Legend:
 CTAC = Commercial Targeting and Analysis Center
 NTAG = National Targeting and Analysis Group

Source: GAO analysis of U.S. Customs and Border Protection (CBP) documentation. | GAO-17-618

The Office of Field Operations Conducts Trade Operations and Enforcement at Ports throughout the United States

While the Office of Trade focuses solely on trade, the Office of Field Operations is responsible for both border security and the facilitation of lawful trade and travel at U.S. ports of entry.²⁴ The Office of Field Operations operates 20 field offices located throughout the United States. The field offices, which are organized by regions, manage over 300 ports where cargo enters.

The Office of Field Operations is composed of seven directorates, six with responsibility for trade enforcement and border security, and one that provides human capital and financial support. According to CBP, four of the seven directorates and relevant divisions are involved in carrying out CBP's trade enforcement. Table 3 describes the four directorates that carry out trade enforcement as well as one directorate that carries out

²⁴Border security includes antiterrorism, immigration, and antismuggling.

human capital and financial support. (See app. III for the organizational chart of the Office of Field Operations.)

Table 3: CBP Office of Field Operations’ Trade Enforcement-Related Directorates

Directorates	Description	Divisions with a trade component
Cargo and Conveyance Security	Oversees multiple divisions, including Non-Intrusive Inspection, Radiation Technology, Cargo Security, Customs Trade Partnership against Terrorism, Trusted Trader Programs, and Trade Operations.	<ul style="list-style-type: none"> • Cargo Security and Control • Fines, Penalties and Forfeitures • Trade Operations Division • Manifest & Conveyance Security
National Targeting Center	Collaborates with partners to identify, target, screen, and interdict inbound and outbound passengers and cargo.	<ul style="list-style-type: none"> • Cargo Targeting
Operations	Safeguards the borders by strengthening the frontline through information sharing, collaboration, and integration.	<ul style="list-style-type: none"> • Directors, Field Operations • Field Programs
Planning, Program Analysis, and Evaluation	Transforms Office of Field Operation’s business practices and processes through strategic planning and program management.	<ul style="list-style-type: none"> • Strategic Transformation Office • Enterprise Reporting Data Systems
Mission Support	Provides human capital and financial support to all of the Office of Field Operation directorates.	<ul style="list-style-type: none"> • Budget • Human Capital

Source: GAO analysis of U.S. Customs and Border Protection (CBP) information. | GAO-17-618

Trade Enforcement Activities Are Carried Out by CBP Staff in Various Positions in the Office of Trade and the Office of Field Operations

Within the Office of Trade and the Office of Field Operations, trade operations and enforcement are carried out by CBP staff in various positions at ports located throughout the United States and CBP headquarters. In the Resource Optimization Model, CBP’s Office of Trade identified 15 positions that carry out trade functions, including the 9 mandated trade positions and 6 nonmandated trade positions that may perform security functions in addition to trade functions. In this report, we refer to these 15 positions as trade positions. Thirteen of the 15 trade positions are located within the Office of Trade or the Office of Field Operations, one is in Enterprise Services, and one is in Operations Support (see table 4).

Table 4: Positions in CBP that Perform Trade Functions, Including Trade Enforcement

Position	Position description
Office of Trade	
Customs auditor	Examines internal and external records to determine the extent to which an entity meets regulatory, legal, and other requirements. Provides technical expertise to design and lead audits and delivers nonaudit services to facilitate legitimate trade.
International trade specialist	Provides technical expertise to develop and implement statutes, regulations and policy. Conducts trade analysis to enforce policy and addresses risks in the Priority Trade Issues.
National import specialist	Addresses tariff classification, value, and other import related issues pertaining to the Harmonized Tariff Schedule. Advises import specialists and provides training on a nationwide basis on specific industries for uniformity of Harmonized Tariff Schedule application.
Regulations and Rulings attorney	Assists Regulatory Audit by providing advice and guidance and/or participating during an audit with respect to valuation and classification issues. Adjudicates and provides advice on cases involving fines, penalties, seizures, and forfeitures and liquidated damages for violations of customs laws, regulations, and policies. Provides legal/policy advice, recommendations, and enforcement determinations with respect to classification, valuation, and entry processes, among other things.
Office of Field Operations	
Agriculture specialist	Addresses animal and plant health risks associated with agricultural imports. Inspects commercial importations of agricultural products.
CBP officer	Reviews shipment data and holds and examines high-risk shipments to enforce customs, immigration, and agriculture law and regulations and prevent illegal entry of prohibited goods.
Drawback specialist	Reviews drawback claims submitted by importers by comparing, verifying, and matching documentation to these claims. A drawback is a remittance, in whole or in part, of duties, taxes, or fees previously paid by an importer.
Entry specialist	Processes entry packages and assists in collection of revenue or issuance of penalties. Performs additional activities, such as broker management, walk-in inquiries, document filings, and collections.
Fines, Penalties and Forfeitures specialist	Receives and verifies penalty payment submissions, monitors penalty cases, and ensures the accuracy of revenue records prior to closing out penalty cases.
Import specialist	Receives, collects and analyzes data on the imported merchandise to assess the risk to the security of the nation. Develops plans to detect and deter violations. Serves as a point of contact for the industry on resolving import issues.
National account manager	Serves as a point of contact for importers that participate in CBP's trusted programs, such as the Importer Self-Assessment program. Monitors and guides importers on appropriate internal controls to ensure compliance with CBP laws and regulations.
Seized property specialist	Manages property seized by CBP, including storage, maintenance, and disposal.
Office of Trade and Office of Field Operations	
Paralegal specialist	Establishes that trade violations are present by reviewing and evaluating records. Develops and evaluates all evidence, facts, and circumstances relating to penalty cases and makes determinations as appropriate. Assists Regulations and Rulings attorneys and branch chiefs with making determinations on various subject matters including but not limited to reviewing and processing applications to record trademarks and copyrights with CBP including processing of payments; making determinations on manufacturing and substitution drawback contracts and supporting efforts on trade litigation.

Enterprise Services

Financial systems specialist	Provides technical guidance and administrative coordination within functional areas. Interprets and applies laws or other guidance to functional processes, ensuring that procedures and automated systems are in compliance.
------------------------------	---

Operations Support

Chemist	Provides technical advice and inspects imported and exported merchandise to ensure that they are properly identified.
---------	---

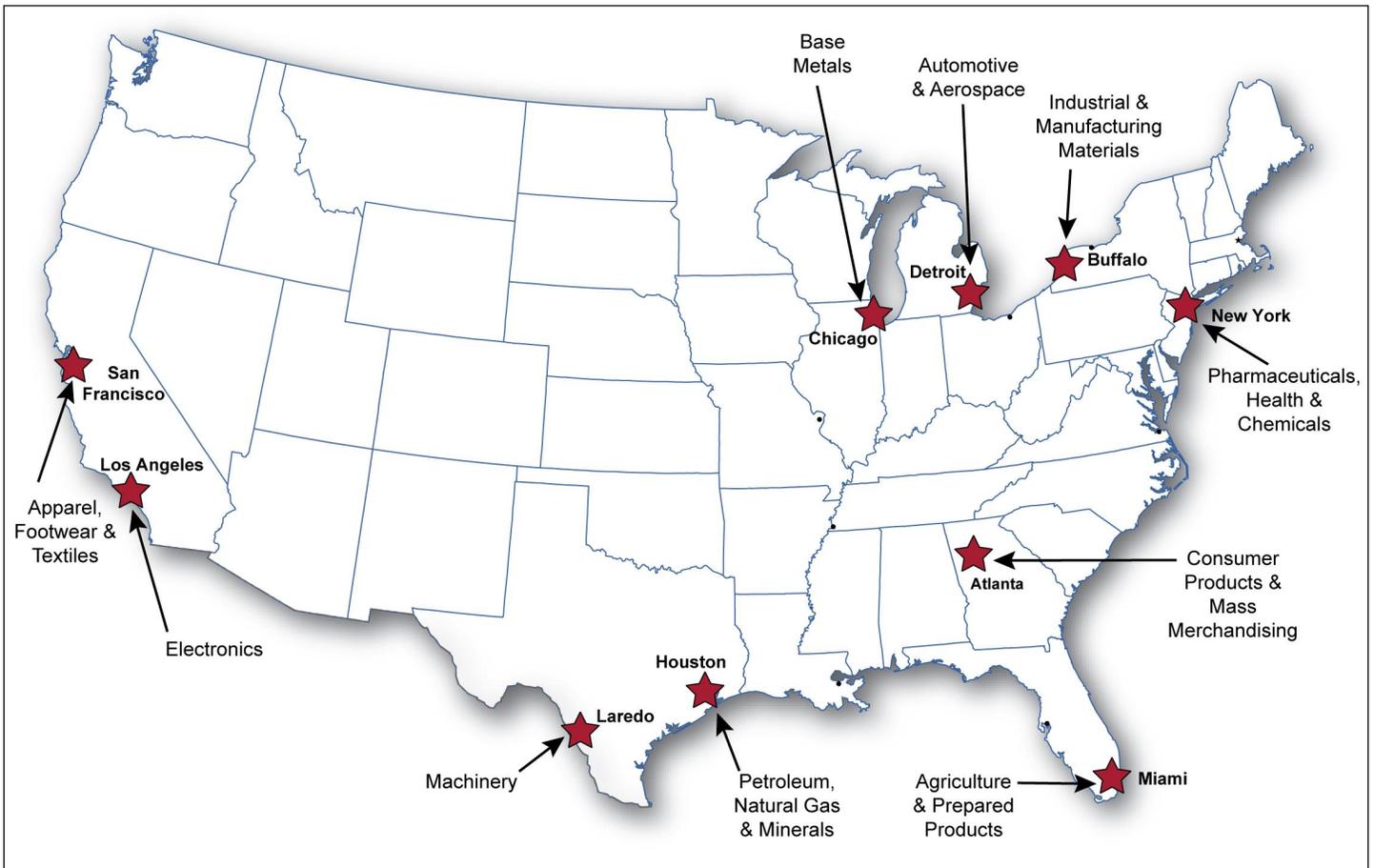
Source: GAO analysis of U.S. Customs and Border Protection (CBP) information. | GAO-17-618

Centers of Excellence and Expertise Change the Way CBP Conducts Trade Operations by Enhancing Industry Focus at a National Level

CBP's 10 Centers of Excellence and Expertise have changed the way in which CBP conducts trade operations, centralizing the processing of imported goods on a national scale through a single industry-related Center rather than through individual ports of entry. Within the Office of Field Operations, the Centers of Excellence and Expertise are organized by industry, with staff located in ports across the United States (see fig. 4).²⁵

²⁵The Office of Field Operations established the first two Centers in 2011 after the introduction of two pilot programs. As of March 2016, all 10 Centers were operational, according to CBP.

Figure 4: Management Locations of CBP Centers of Excellence and Expertise and Industry Sectors



Sources: U.S. Customs and Border Protection (CBP); Map Resources (map). | GAO-17-618

Note: CBP's Centers of Excellence and Expertise are managed out of CBP field offices, indicated by stars and city names on the map.

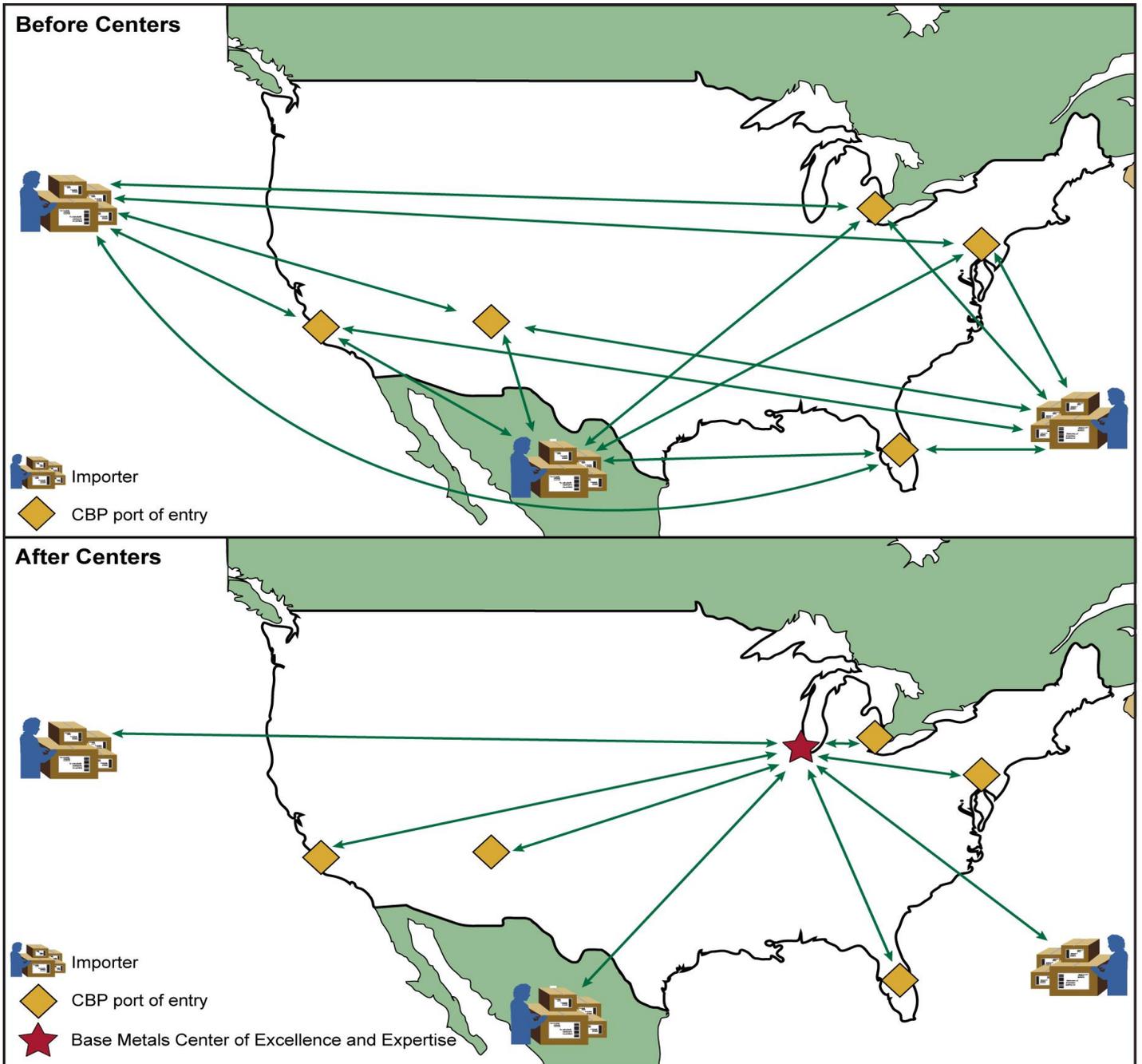
Each Center is responsible for performing trade functions related to its industry sector, such as the processing of entry summary and post-entry summary documentation and account management, regardless of the cargo's port of entry. Each Center is located within a CBP field office and has a Center director. Each Center is organized into three divisions – Validation and Compliance, Enforcement, and Partnership Programs –

each covered by an assistant Center director. Center staff are located at ports across the United States.²⁶

The Centers have made it easier for CBP to gain a national perspective on the movement of trade, compliance issues, and enforcement patterns; they also have enhanced commodity expertise and industry-based knowledge for import specialists, according to CBP officials. Before CBP established the Centers, documents associated with the imported goods were processed by import specialists at the ports where the goods physically entered, so importers had to communicate with multiple import specialists at ports across the United States to process goods if they imported goods into more than one port (see fig. 5). As a result, it was harder for CBP to uniformly process entries and detect import patterns across the nation. For example, a potential trade violation caught by an import specialist at one port might not have been caught by an import specialist at another port. Now, after the establishment of the Centers, goods are processed by import specialists assigned to specific Centers, and importers work with one Center. In addition, the Centers have centralized CBP's support for the trade community; now the trade community can reach out to one Center instead of multiple ports with questions about the import process, according to CBP officials.

²⁶The assistant Center directors may be located in other field offices, not at the location from which their Center is managed.

Figure 5: Generalized Example of Processing of Imported Goods, Before and After CBP Established the Centers of Excellence and Expertise

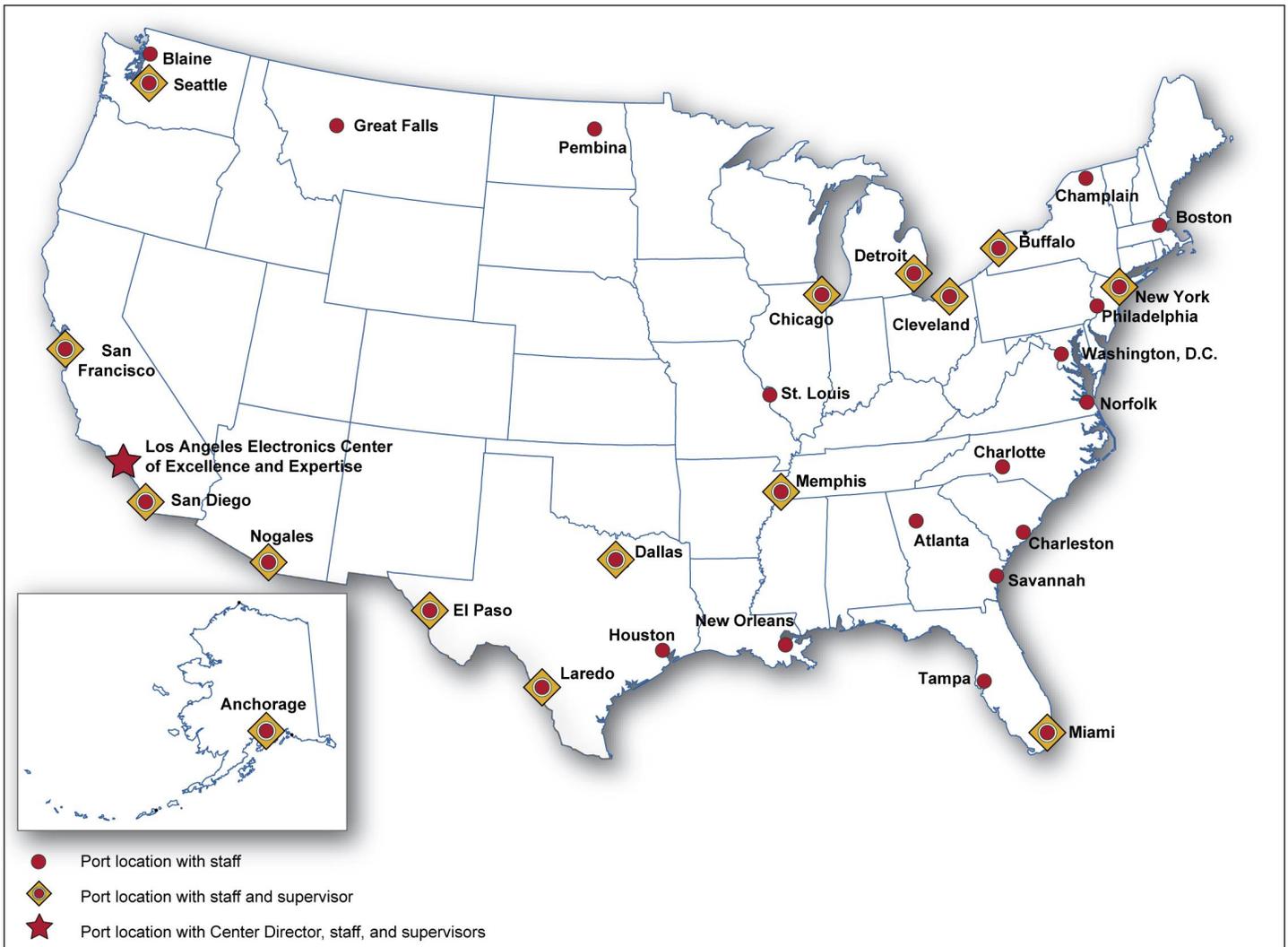


Sources: GAO analysis of U.S. Customs and Border Protection (CBP) information; Map Resources (map). | GAO-17-618

With the 10 Centers fully operationalized, Center staff are adjusting to a new work environment that involves remote teams. Prior to the creation of the Centers, import specialists were reporting to and managed by a supervisor and port director located at their port, while national account managers reported to the Office of Trade. Now, import specialists and national account managers are reporting to and managed by the Center they are assigned to, even though they may not be physically co-located with their supervisors or Center director.²⁷ According to CBP officials, entry specialists are currently reporting to their local port supervisors and managers, but will be reporting to and managed by 1 of the 10 Centers later in fiscal year 2017. Figure 6 illustrates an example of the remote management environment of the Electronics Center.

²⁷According to CBP, at the end of fiscal year 2016, there were 917 import specialists and 27 national account managers reporting to the 10 Centers rather than to over 300 ports.

Figure 6: Staff Distribution of CBP’s Los Angeles Electronics Center of Excellence and Expertise



Sources: U.S. Customs and Border Protection (CBP); Map Resources (map). | GAO-17-618

According to CBP officials, Centers and their staff face challenges that stem mainly from the transition to working in a remote environment and are making efforts to address these challenges:

- *Virtual communication.* Management and staff are increasing their usage of technology, teleconferences, and webcams and undergoing training to facilitate building remote teams. In addition, division

directors and supervisory import specialists may teleconference once a month to discuss challenges in remote management.

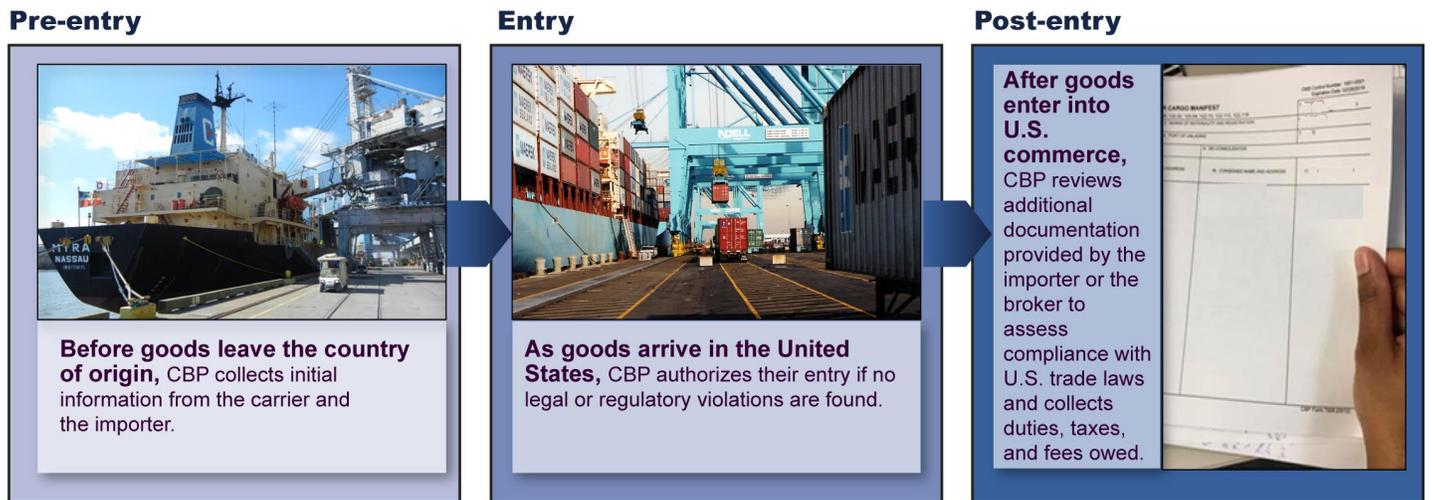
- *New policies and procedures.* Managers are learning different administrative policies such as leave policies as well as union rules that vary by port and operating across different time zones. In general, managers cover one geographic region, so they do not need to learn every port's policies.
- *Funding and support structure.* While the Centers do not have a separate budget to support activities such as travel and do not have mission support staff, the field offices have generally been supportive, according to CBP officials. The CBP field offices that house each of the Center directors have discretion on budget matters and mission support for the Centers. The Centers also find alternatives to activities that may require funds, such as attending webinars instead of in-person training.

CBP Enforces Its Priority Trade Issues through a Layered, Risk-Based Approach but Generally Does Not Have Performance Targets for Its Activities

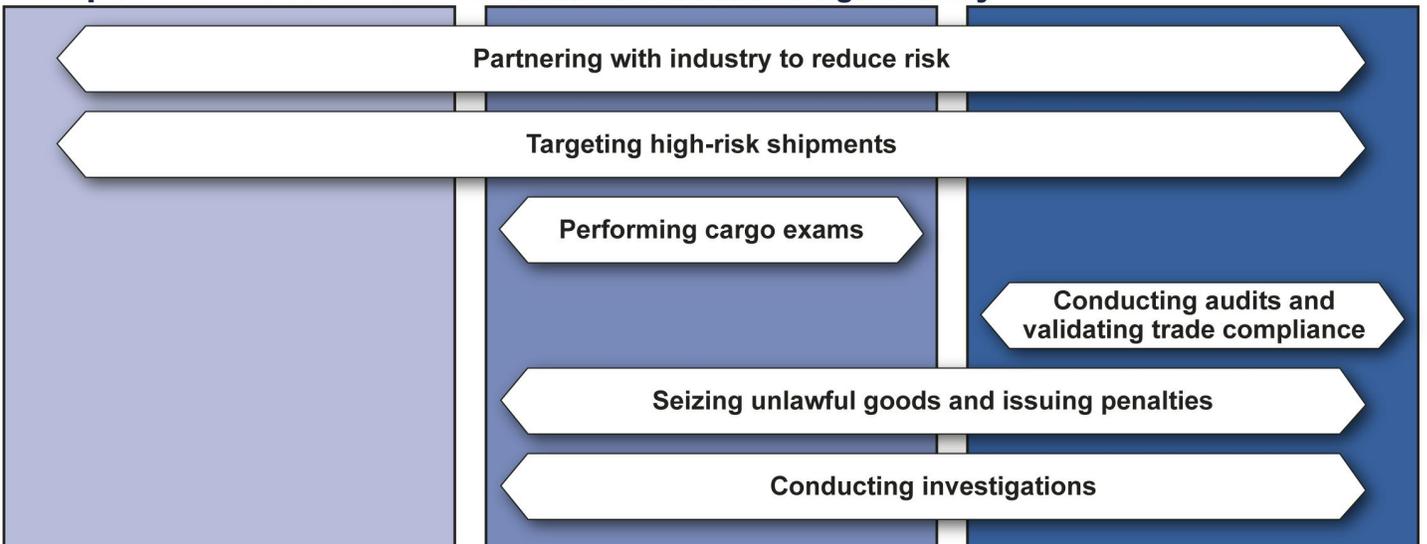
CBP uses a layered, risk-based approach to guide its trade enforcement activities across its Priority Trade Issues but generally does not set performance targets to assess the effectiveness of its activities. CBP's trade enforcement activities leverage many different units within CBP and at other government agencies, according to CBP officials.²⁸ See figure 7 for examples of these activities by stage of entry of goods into the United States. CBP has created plans to set goals and objectives for its Priority Trade Issues; these plans contain some performance measures but generally lack targets to measure achievements and effectiveness.

²⁸CBP defines "risk" as the degree of exposure to the chance of noncompliance that would result in loss to trade, industry, or the public. Risk management is the integrated process for identifying and managing risk in trade compliance, according to CBP.

Figure 7: CBP Trade Enforcement Activities by Stage of Entry of Goods into the United States



Examples of CBP trade enforcement activities at each stage of entry



Sources: GAO analysis of U.S. Customs and Border Protection (CBP) information; PhotoDisc and GAO (photos). | GAO-17-618

CBP’s Trade Enforcement Activities Focus on High-Risk Imports and Reducing Risk of Noncompliance

Partnering with Industry to Reduce Risk of Noncompliance

CBP focuses on creating partnerships with industry to support its goal of increasing compliance among importers, according to CBP, and thereby reducing the risk of allowing noncompliant goods to enter the United States.²⁹ According to CBP, partnership with industry helps expedite the flow of legitimate trade shipments and reduces the examination rate of low-risk importers, allowing CBP to focus its trade enforcement efforts on higher-risk importers. Examples of CBP's partnership programs include the following:

- *The Customs-Trade Partnership Against Terrorism (C-TPAT) program.* Through this public-private partnership program, members of the trade community volunteer to adopt tighter security measures throughout their international supply chains in exchange for enhanced trade facilitation, such as expedited processing. According to CBP, over 50 percent of the imports into the United States by value in 2016 are C-TPAT imports.
- *The Importer Self-Assessment (ISA).* Current members of C-TPAT can apply to be ISA-certified, which means that importers have developed and implemented internal controls and assessed risk based on self-testing.³⁰ The benefits of ISA to industry, according to CBP, include importers' exemption from comprehensive CBP audits, fewer cargo exams, and faster clearance of cargo at the ports of entry.
- *The Trusted Trader Program (currently in a pilot phase).*³¹ The Trusted Trader Program's goal is to unify the current C-TPAT and ISA

²⁹According to CBP, informed compliance is premised on the idea that in order to maximize voluntary compliance with trade laws and regulations, the trade community needs to be clearly and completely informed of its legal obligations. The importer is responsible, among other things, for using reasonable care to enter, classify, and determine the value of imported merchandise and to provide any other information necessary to enable CBP to properly assess duties, and determine whether other applicable legal requirements, if any, have been met. CBP is then responsible for fixing the final classification and value of the merchandise. Failure of an importer to exercise reasonable care could delay release of the merchandise and, in some cases, could result in the imposition of penalties.

³⁰CBP's Regulatory Audit conducts the evaluation to assess the readiness of ISA applicants to manage and monitor their compliance with CBP laws and regulations through importer self-assessments.

³¹Announcement of Trusted Trader Program Test, 79 Fed. Reg. 34,334 (June 16, 2014).

processes in order to integrate supply chain security and trade compliance and further increase the low-risk importer population, which allows CBP to focus on the high-risk importers. The development of Trusted Trader is a coordinated effort with members of the trade community, CBP, and partner government agencies.³² The program is carried out by the Partnership Divisions of the Centers of Excellence and Expertise, which is composed of national account managers, import specialists, and entry specialists who work with the Trusted Trader accounts. According to CBP, this arrangement enables CBP and partner government agencies to provide additional incentives to participating entities and enhance efficiencies by managing supply chain security and trade compliance within one partnership program.³³

In addition to partnership programs, according to CBP officials, staff at the Centers work closely with company representatives through meetings and seminars to enrich their knowledge of products and better understand the nuances of a particular industry to enhance their ability to identify high-risk importers. According to CBP, such partnerships with the private sector include participation in the Commercial Customs Operations Advisory Committee (COAC) to U.S. Customs and Border Protection working groups, roundtable meetings with industry representatives, and educational seminars.³⁴ Another partnership is through E-allegations, CBP's online referral process for alleging trade violation(s) by importers, which provides a means for industry and the public to report to CBP any suspected violations of trade laws or regulations related to the importation of goods into the United States.

³²CBP collaborates with 47 partner government agencies including the U.S. Department of Agriculture, the Consumer Safety Product Commission, and the Department of Transportation.

³³CBP and partner government agencies work on other initiatives as well. According to the Office of Trade, the Border Interagency Executive Council was established by executive order to streamline the import/export process for American businesses and implement the International Trade Data System's single window system, which will allow businesses to submit the data required by CBP and its partner government agencies to import cargo through a single window concept.

³⁴The COAC is an advisory committee made up of industry members who have regular meetings to discuss and consider issues such as global supply chain security and facilitation, CBP modernization and automation, air cargo security, customs broker regulations, trade enforcement, revenue modernization, one U.S. government approach to trade and safety of imports, and protection of intellectual property rights. The COAC advises CBP and Treasury components.

Targeting High-Risk Shipments

CBP's targeting efforts are carried out by different targeting groups at the national and port levels, and can support or help identify enforcement actions that are carried out on high-risk shipments. Targeting involves obtaining information about the shipment entering U.S. ports and those parties involved in moving the cargo and goods, such as the importer. Targeting groups develop user-defined rules (targeting rules) based on advance data, research, and other information that might show trends or emerging trade issues.³⁵ The targeting rules are generally entered into CBP's Automated Targeting System and flag certain cargo and goods for CBP officials responsible for trade enforcement to inspect or review documentation for potential trade violations.³⁶ The targeting rules are ranked as mandatory, or high-, medium-, or low-risk, providing CBP officials some discretion on the need to take action.

At the national level, CBP's targeting efforts are carried out by different units, according to CBP.³⁷ Within the Office of Trade, the National Targeting and Analysis Groups (NTAG) and Commercial Targeting and Analysis Center (CTAC) target for further review high-risk imports that are related to the Priority Trade Issues. Currently there are five NTAGs, located in various locations across the country and staffed mainly by international trade specialists who specialize in targeting mainly at post-entry for their respective Priority Trade Issue.³⁸ The CTAC facilitates information sharing among partner government agencies on targeting and enforcement at all stages of the import process – pre-entry, entry, and post-entry – focusing on a variety of issues, including import safety and

³⁵According to CBP officials at a port we visited, in addition to user-defined rules, CBP uses random samplings to assess trade compliance. This sampling provides an additional level to ensure that all imports, not just targeted high-risk imports, are checked.

³⁶CBP's Automated Targeting System is a decision support tool that compares traveler, cargo, and conveyance information against law enforcement, intelligence, and other enforcement data using risk-based targeting scenarios and assessments.

³⁷According to the Office of Trade, CBP established a Trade Enforcement Task Force in May 2016 that leverages government partners to develop and deploy tools to improve CBP's ability to detect and disrupt high-profile and emerging trade evasion schemes and interdict products derived from forced labor.

³⁸NTAGs are located in the following cities and specifically target the following Priority Trade Issues: revenue (Chicago, Illinois), antidumping and countervailing duties (AD/CVD) (Miami, Florida), trade agreements (Dallas, Texas), textiles (New York, New York), and intellectual property rights (Long Beach, California).

environmental crime, natural resources, wildlife trafficking, and cultural property, according to CBP.³⁹ These targeting groups also collect information to develop targeting rules from import specialists who are assigned to 1 of the 10 Centers that cover their respective industry.

Also at the national level, the Office of Field Operations' National Targeting Center provides advance targeting, research, and coordination for CBP field units, the intelligence community, foreign counterparts, and investigative and law enforcement agencies in support of CBP's antiterrorism mission and includes a cargo component focused on trade called the Tactical Trade Targeting Unit. This unit provides a national targeting perspective and is focused on developing user-defined rules that have a high probability of leading to investigations, according to National Targeting Center officials. The National Targeting Center established an integrated operational network, known as the Integrated Trade Targeting Network (the network), between all of CBP's national level trade targeting assets in the Office of Trade and the Office of Field Operations. According to CBP officials, the purpose of the network is to improve communication, coordinate actions, and standardize procedures for more effective trade targeting. The network provides training to enhance the knowledge of relevant CBP field and headquarters personnel in the areas of automated targeting and reporting systems and targeting techniques.⁴⁰

At the port level, CBP's targeting efforts are also carried out by CBP officers who utilize user-defined rules to identify high-risk cargo coming through the port for examination, according to CBP officials. CBP officers located at ports must examine all shipments that have a mandatory rule in the Automated Targeting System, but are given discretion to examine or not examine cargo for all other nonmandatory rules, according to CBP.⁴¹ For example, the targeting rules may trigger a requirement that CBP hold up the movement of a specific shipment at a port (called "holds") until CBP officers can examine the shipment or import specialists can review documentation to determine whether there are possible trade violations.

³⁹CTAC is located in Washington, D.C.

⁴⁰Training is geared to further expand the cargo targeting for trade purposes expertise of CBP field and headquarters personnel, such as CBP officers, agriculture specialists, import specialists, and international trade specialists.

⁴¹The mandatory targeting rules also apply to other CBP officials, such as import specialists, who are asked to review post-entry information based on user-defined rules.

CBP may also conduct targeting based on advance information it receives on shipments coming into ports (see fig. 8 for an example of goods seized as a result of targeting).

Figure 8: Example of Targeted Goods Seized by CBP



Legend: CBP = U.S. Customs and Border Protection

Source: GAO. | GAO-17-618

CBP’s targeting efforts can support enforcement operations that are carried out by numerous CBP entities such as import specialists, agriculture specialists, and CBP officers as well as U.S. Immigration and Customs Enforcement’s (ICE) Department of Homeland Security Investigations (HSI), a partnering component agency of CBP under the Department of Homeland Security, and other partner government agencies. For example, CBP reported in December 2016 that it conducted several operations in the last quarter of fiscal year 2016 focused on targeting counterfeit goods—such as apparel, footwear, auto parts, and handbags—coming through express consignment and international mail facilities. CBP reported that these operations resulted in seizures of 948 shipments of counterfeit goods with an estimated manufacturer’s suggested retail price of over \$20 million for the goods.

Conducting Audits and Validating Trade Compliance

CBP conducts post-entry audits and validation activities to assess trade compliance and identify possible trade violations across the Priority Trade Issue areas. Customs auditors in the Regulatory Audit directorate within CBP's Office of Trade reported that they use a risk-based approach to select candidates for assessment.⁴² According to officials from Regulatory Audit, their audit plans tend to focus on examining importers with high dollar value shipments and potential risk to revenue—generally large and midrange importers. Regulatory Audit conducts various types of audits and reviews, including the following:

- *Focused assessment—comprehensive audits of major importers.* These audits assess internal control over import activities to determine whether the importers pose acceptable risk for complying with CBP laws and regulations. Such assessments can look at value, classification, free trade agreements, intellectual property rights, free trade zones, prior disclosures, and antidumping and countervailing duties.
- *Quick response audits—targeted compliance audit with narrowly defined objectives.* These audits focus on a single issue or specific concern referred to Regulatory Audit by CBP's NTAG or ICE, and cover Priority Trade Issues and other areas. Such audits can cover antidumping, intellectual property, import safety, textiles and wearing apparel, drawback, and foreign trade zone issues.
- *Surveys of importers.* These surveys are performed as a result of an assertion or allegation, such as an e-allegation, with an objective to obtain an understanding of a company's importing practices to determine if there are concerns that merit future CBP consideration.⁴³

Regulatory Audit officials we met with in Los Angeles and New York told us that the majority of their assignments are made up of quick response audits and surveys. According to CBP officials, the audits and reviews can result in the collection of additional revenue. For example, Regulatory Audit in headquarters reported that for fiscal year 2015, it identified,

⁴²CBP has 10 Regulatory Audit field offices in addition to its headquarters in Washington, D.C.

⁴³According to CBP, when significant concerns or issues of noncompliance or violations are identified in a survey, CBP may request that Regulatory Audit proceed with an audit or may take other enforcement action against the company.

through its audit recommendations, over \$109 million of revenue owed by importers and was able to collect almost \$60 million that year.⁴⁴ The audits and reviews also provide informed and enforced compliance to the trade community and act as a deterrent by discouraging potential violators.

In addition to activities carried out by Regulatory Audit, the Centers also conduct validation and compliance checks by reviewing post-entry importer records. All Centers have a division that conducts validation and compliance checks to ensure importer compliance. The checks are mainly carried out by teams of import specialists that specialize in different commodity types within their industry section. For example, by reviewing an importer's post-entry summary records, the Center may validate that the entry complied with all conditions to be treated as a specific commodity under free trade agreements in which the United States is a party. When prompted by mandatory targeting rules, import specialists at the Centers are also responsible for reviewing the importers' post-entry documentation and recording in the Automated Targeting System whether any potential violations were found. Some officials from targeting groups that we met with told us that import specialists are inconsistent about recording the results of the reviews they conduct, which impedes the targeting groups' ability to assess the effectiveness of their targeting rules. According to Center procedures, import specialists are responsible for working with importers to ensure future compliance if violations have occurred and goods are seized or penalties are issued.

Seizing Unlawful Goods and Issuing Penalties

CBP can take actions against noncompliant importers when applicable. For example, CBP can seize imported goods if it believes there is a violation of a trade law. The types of seized shipments range across the different Priority Trade Issue areas such as intellectual property rights, textiles, wearing apparel, and import safety (see fig. 9). For instance, according to CBP, 28,865 shipments were seized based on intellectual property rights violations in fiscal year 2015. The top five categories for intellectual property rights seizures include consumer electronics and pharmaceuticals, each of which often involve shipments that pose threats to consumer safety. According to CBP, as part of the seizure process, the

⁴⁴The collections amount includes all monies collected for fiscal year 2016 as of June 8, 2016, including monies collected related to assignments from prior years, according to Regulatory Audit.

Office of Field Operation's Fines, Penalties and Forfeitures office will send the importer or another relevant party a notice of seizure. Any interested party may file a petition for relief from seizure within 30 days, according to CBP. CBP stores the seized goods until a final decision is made; if it does not return the goods to the importer, it generally destroys or sells the goods, as appropriate.

Figure 9: Example of Products Seized by CBP That Were Sent through International Mail



Legend: CBP = U.S. Customs and Border Protection

Source: GAO. | GAO-17-618

CBP also has the authority to issue penalties and/or fines against importers, brokers, and other entities bringing goods into the United States that violate the law.⁴⁵ Penalties may result, for example, if products are not properly marked with the country of origin, trademarks are violated with counterfeit goods, or illegal goods such as controlled substances are found. Penalties are monetary and are established by statute, according to CBP. In fiscal year 2015, CBP assessed over \$237

⁴⁵According to CBP, its authority to assess penalties is established by statute. The language of each statute dictates the amount to be assessed and the party or parties against whom the penalty is assessed. Examples of penalties are found in sections 1584 (Manifest), 1592 (Commercial Fraud), and 1641 (Broker) of title 19 of the United States Code.

million in penalties for violations related to its Priority Trade Issues and collected \$3.5 million, according to CBP.⁴⁶

Conducting Investigations Stemming from Trade Violations

CBP officials collaborate with officials from the HSI directorate within ICE on civil and criminal cases involving trade fraud, according to CBP and HSI officials.⁴⁷ CBP and HSI coordinate at the field office level through regularly scheduled meetings, according to HSI officials. At these meetings, according to HSI and CBP officials, HSI special agents meet with CBP officials, such as import specialists, customs auditors, and international trade specialists, to discuss potential and active cases and upcoming operations. While HSI officials have traditionally worked with local import specialists, they have had to adjust to working with import specialists located in other cities because of the virtual nature of the import specialists at the new Centers of Excellence and Expertise. For example, HSI officials in one city may be working on a case that involves a commodity assigned to a particular Center, but CBP no longer has a local import specialist that works for that Center—so the HSI officials must work with the import specialist located in another city who works for that Center, according to HSI officials. This has caused a decrease in cooperation and communication between CBP and HSI resulting in fewer investigations, according to HSI.

CBP officials will share information on suspected activities or importers that are noteworthy based on their own trade enforcement efforts, which may lead to an HSI investigation. For example, while processing shipments entering the United States, import specialists at the Centers may identify unusual trade patterns or documentation discrepancies for shipments of significance, such as large volume or value, with the shipments having health and safety or national security concerns, according to CBP officials. In addition, according to CBP officials, customs auditors from Regulatory Audit may send referrals to HSI if they find potential fraud or other significant issues during their audits of

⁴⁶However, the penalty amounts initially assessed in fiscal year 2015 may change because of a variety of factors, such as time extensions to file mitigating factors and supplemental petitions, and may not close out until the following fiscal year, according to CBP.

⁴⁷HSI has the authority to investigate and enforce violations of criminal laws and regulations. HSI's fiscal year 2016-2020 strategic plan includes protecting the homeland against illicit trade as one of its strategic goals.

importers. Officials from CBP's Fines, Penalties and Forfeitures office might also work with HSI on cases that may include seizures of goods. According to Fines, Penalties and Forfeitures officials at one of the ports we visited, more than 50 percent of their time is spent working with HSI on cases involving seized property. According to CBP and HSI officials, other U.S. partner government agencies may also be involved in investigations involving trade violations.

CBP also conducts investigations stemming from allegations brought forth by industry and pertaining to the Enforce and Protect Act of 2015.⁴⁸ According to the Office of Trade, such investigations draw upon the expertise of resources that include the Centers, targeting groups, and Regulatory Audit to look into the allegations and share the outcomes of investigations with industry.

CBP Articulates Some Performance Measures but Generally Lacks Targets for Trade Enforcement Activities, Which May Impede Its Ability to Assess Effectiveness

CBP has created strategic or annual plans that contain strategic goals for its Priority Trade Issues and some performance measures but generally lack targets to measure achievements and effectiveness. Leading practices for managing for results note, among other things, that a plan should identify goals and measures covering each of its program activities and contain targets to assess progress toward performance goals.⁴⁹

Numerical targets or other measurable values facilitate further assessments of whether overall goals and objectives were achieved because comparisons can be easily made between projected performance and actual results.⁵⁰ The Act mandates CBP to develop by

⁴⁸Pub. L. No. 114-125, tit. IV. According to CBP, the Enforce and Protect Act of 2015 was initiated by industry partners who were concerned that they (1) did not know the resolution of allegations pertaining to trade violations that they had brought to CBP's attention and (2) did not have a role in the investigative process.

⁴⁹GAO, *The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans*, [GAO/GGD-10.1.20](#) (Washington, D.C.: April 1998).

⁵⁰When goals are not self-measuring, performance measures should translate those goals into observable conditions that determine what data to collect to learn whether progress was made toward achieving goals. GAO, *Tax: Administration: IRS Needs to Further Refine its Tax Filing Season Performance Measures*, [GAO-03-143](#) (Washington, D.C.: Nov. 22, 2002).

February 24, 2017, a joint strategic plan with ICE that incorporates enforcement activities and performance measures.⁵¹ However, the Act does not require that the strategic plan include targets. Currently this plan is in draft form, according to CBP and, because the plan is still changing, CBP declined to share a copy and declined to discuss the extent to which the plan would identify performance measures and targets that would enable CBP to gauge the effectiveness of its activities by Priority Trade Issue.

We asked CBP to provide us with strategic or annual plans for its seven Priority Trade Issues to determine how the agency measures its effectiveness in carrying out its trade enforcement efforts for each Priority Trade Issue area.⁵² CBP provided us with various plans for its Priority Trade Issues. While one of these Priority Trade Issues had plans that were current, the other Priority Trade Issues either did not have a plan or were using plans that had not been updated in several years. According to officials from the Office of Trade, CBP is in the process of finalizing plans for those Priority Trade Issues with outdated plans or no plans (see app. IV for the status of strategic or annual plans by Priority Trade Issue, as of February 2017).

Our analysis of all the Priority Trade Issue plans provided to us shows that they generally lacked performance targets that would enable CBP to assess the effectiveness of its enforcement activities.⁵³ While we found that most plans identified strategic goals, some plans had performance measures but generally did not contain performance targets that would allow CBP to assess its actual performance against planned performance or compare to past performance. For example, the AD/CVD annual plan for fiscal year 2017 has a number of performance measures that pertain to enforcement and these include reporting the number of AD/CVD-related audits, nonaudit services, surveys conducted, and importers

⁵¹Pub. L. No. 114-125, § 105. The Act stipulates that CBP and ICE submit the joint strategic plan to appropriate congressional committees no later than 1 year after the enactment of the Act, which is February 24, 2017, and every 2 years thereafter.

⁵²According to CBP, a strategic plan is a multiyear plan that covers all goals and activities across the Priority Trade Issue, while an annual plan covers 1 year and focuses on goals and activities of the Priority Trade Issue.

⁵³We reviewed plans for the Priority Trade Issues that were current, outdated but being used, or in the process of being finalized.

removed from a targeting rule.⁵⁴ However, CBP did not set a target level for performance for these measures in the plan, such as the target number of AD/CVD-related audits and surveys to be conducted. Without targets, CBP may not be able to determine the effectiveness of its trade enforcement activities, particularly to see if its projected performance for an activity met its actual results.

CBP also reports on some trade enforcement performance measures related to its Priority Trade Issues in various documents, including reports mandated by Congress and annual reports prepared by various CBP entities. For example, a textiles report to Congress describes the types and number of enforcement actions taken, such as the number and value of seizures and penalties and the number of cargo examinations conducted by fiscal year. Also, in its first annual report covering its operations and programs for fiscal year 2015, CTAC—which covers CBP’s import safety Priority Trade Issue—reported on the number of seizures by operations that were conducted with U.S. partner government agencies, ineligible products that were prevented from entering the United States, and the number of enforcement operations conducted, among other things. However, while these metrics allow yearly changes to be identified and tracked, none of the two reports we reviewed included targets that would help officials with oversight responsibilities assess performance and the effectiveness of the CBP’s enforcement activities.

CBP Has Not Met Its Staffing Targets for Some of Its Trade Positions, Which Can Impact CBP’s Trade Enforcement Efforts

Over the past 5 fiscal years, CBP generally has not met the minimum staffing levels set by Congress for four of nine positions that perform customs revenue functions, and it generally has not met the optimal staffing level targets set by the agency for these positions. The Homeland Security Act set mandatory minimum staffing levels for nine mandated trade positions. CBP’s Resource Optimization Model projected optimal staffing levels for the 15 identified trade positions, 9 mandated and 6 nonmandated, for the period of fiscal years 2015 through 2022. Staffing

⁵⁴User-defined rules may target certain importers. If CBP officials do not identify trade violations or noncompliant activity, the importer flagged as part of the rule is removed from the rule, according to CBP.

shortfalls can lead to decreased effectiveness of trade enforcement. CBP faces several challenges to hiring and filling staffing gaps, according to CBP officials. We found that CBP has not articulated how it plans to address challenges to filling staffing gaps for trade positions.

CBP Has Not Met Its Staffing Targets for Some of Its Trade Positions

Our analysis of CBP data from fiscal years 2012 through 2016⁵⁵ shows that the numbers of staff in four of the nine mandated trade positions – import specialist, customs auditor, national import specialist, and drawback specialist – were generally below the minimum mandated staffing and optimal staffing levels. In addition, staffing levels for these positions generally declined during this period. Staffing levels for import specialists provide an example. The Homeland Security Act set the minimum mandated staffing level for import specialists at 984, and CBP’s Resource Optimization Model calculated an optimal staffing level range from 984 to 1,748 import specialists for fiscal years 2015 through 2022. However, the actual staffing levels were below the mandated levels for 4 of the 5 years, consistently declining in the last 3 years from 954 import specialists at the end of fiscal year 2014 to 917 import specialists at the end of fiscal year 2016.

The actual staffing levels for customs auditor, national import specialist, and drawback specialist were also generally below the minimum mandated staffing levels from fiscal years 2012 through 2016 and below the optimal staffing level targets in fiscal years 2015 and 2016. In addition, the staff levels for the financial system specialist position were below the mandated levels for 2 out of the 5 fiscal years and below optimal staffing levels for both fiscal years 2015 and 2016. For the four other mandated trade positions, CBP met or exceeded the mandated staffing levels. See table 5 for a list of mandated trade positions and their mandated and optimal staffing levels compared to actual staffing levels as of the end of fiscal years 2012 through 2016.⁵⁶

⁵⁵CBP provided data that represent actual staffing level data as of the end of each fiscal year for fiscal years 2012 through 2016.

⁵⁶The Homeland Security Act also stated that staffing levels for the associated support staff that are assigned to these nine key positions could not be reduced, but CBP officials could not provide any information on the types of positions or staffing levels in response to our request for data.

Table 5: Comparison of Mandated, Optimal, and Actual Staffing Levels for CBP’s Mandated Trade Positions, End of Fiscal Years 2012–2016

Mandated trade position	Mandated staffing level (March 2003) ^a	Optimal staffing level range (fiscal years 2015- 2022) ^b	Actual staffing levels (As of end of fiscal years 2012-2016)				
			2012	2013	2014	2015	2016
Import specialist^c	984	984-1,748	983	987	954	936	917
Entry specialist	409	433-463	455	451	453	441	431
Customs auditor^c	364	397-699	376	357	341	330	321
Fines, Penalties and Forfeitures specialist ^d	203	101-201	296	299	299	295	286
National import specialist^c	97	94-135	94	87	86	83	77
Regulations and Rulings attorney	90	103-158	112	107	106	106	105
International trade specialist	74	125-199	144	132	126	130	135
Drawback specialist^c	37	38-48	38	37	35	33	36
Financial systems specialist	5	6-12	5	5	2	5	4

Source: U.S. Customs and Border Protection (CBP) data. | GAO-17-618

Notes:

^aIn the Homeland Security Act, Congress required the maintenance of the staffing levels for these nine trade positions. Pub. L. No. 107-296, § 412(b).

^bThe optimal staffing level ranges are based on a calculation by CBP to reflect trade activities and associated workload.

^cBolded text represents those positions that were generally below mandated and optimal staffing level targets.

^dThe Homeland Security Act mandated Fines and Penalties specialists. CBP uses the title Fines, Penalties and Forfeitures specialist for this position.

For the six nonmandated trade positions identified in CBP’s Resource Optimization Model, CBP reported that actual staffing levels for five of the positions, as of October 2014, were below the optimal staffing range.⁵⁷

For example, the actual level of staff for the CBP officer position, as of October 4, 2014, was significantly below the optimal staffing range, with an actual staff level of 6,889, representing about 1,800-2,800 fewer CBP officers on board than the model’s optimal staffing level. See table 6 for the optimal and actual staffing levels for nonmandated trade positions as reported by CBP, but not mandated by the Homeland Security Act.

⁵⁷While we asked for the percentage of time spent on trade functions performed by the staff in the six nonmandated trade positions for fiscal years 2012-2016, according to CBP officials, CBP was able to report data only for fiscal year 2014 because it does not track the actual time spent on trade functions for these positions on an annual basis.

Table 6: Optimal and Actual Staffing Levels for CBP’s Nonmandated Trade Positions, as of October 2014

Nonmandated trade position ^a	Optimal staffing level range (fiscal years 2015-2022) ^b	Actual staffing level (October 2014) ^c
Agriculture specialist^d	1,167-1,365	862
CBP officer^d	8,658-9,682	6,889
Chemist^d	162-222	148
National account manager^d	30-50	28
Paralegal specialist	11-13	12
Seized property specialist^d	121-162	117

Source: U.S. Customs and Border Protection (CBP) data. | GAO-17-618

Notes:

^aThe nonmandated trade positions are the six positions identified in the agency’s Resource Optimization Model but not in the Homeland Security Act.

^bThe optimal staffing level ranges are based on a calculation by CBP to reflect trade activities and the associated workload.

^cThe actual staffing level is as of October 4, 2014. CBP was able to report data only for the end of fiscal year 2014 because it does not track the actual staffing levels for these positions on an annual basis, according to CBP officials.

^dBolded text represents those positions that were generally below optimal staffing level targets.

The optimal and actual staffing levels for the nonmandated trade positions, according to CBP officials, are based on an estimated percentage of time that staff spend on trade functions. For example, while there were 22,000 CBP officers overall in fiscal year 2014, CBP reported that the full-time equivalent of 6,889 staff spent time on trade activities.⁵⁸ All of the nonmandated trade positions, except the Chemist position, assigned to Operations Support, are assigned to the Office of Field Operations.

⁵⁸CBP determines percentage of hours attributed to trade activities by trade function activity codes in their Cost Management Information System. To determine trade activities, the total number of hours charged to trade activities is divided by the total number of hours for all activities. This percentage is then applied to the total number of staff in a given position to estimate a full-time equivalent performing trade-related activities. We did not independently assess and validate the optimal staffing models’ ranges.

Trade Position Staffing Shortfalls Can Impact CBP's Trade Enforcement Efforts

Staffing shortfalls in certain key trade positions can also impact CBP's ability to identify and address risk in trade operations. For example, according to officials from Regulatory Audit in headquarters, if CBP met the mandatory staffing levels for customs auditor, Regulatory Audit would be able to more effectively address risk in the multitude of trade areas. Specifically, they told us that Regulatory Audit would be able to increase the number of importers it audits and expand the scope of their work. In addition, according to Office of Field Operations officials, if CBP met the mandatory staffing levels for import specialists, Centers could conduct more enforcement operations and focus on specific trade issues.

Staffing shortfalls in trade positions can impact CBP's trade processing and enforcement efforts, including CBP's ability to enforce trade effectively. For example, staffing shortfalls can lead to decreased cargo inspections, according to several CBP officers at three ports we visited. According to these CBP officers, CBP officers at ports respond to rules from targeting groups to inspect cargo for trade violations, particularly when the instructions are mandatory. CBP officers have discretion to inspect cargo that is characterized as nonmandatory, which may be helpful in gaining new information about potential trade violations according to CBP officers. However, according to CBP, with staffing shortages of CBP officers, some CBP officers told us that they focus their efforts on addressing the mandatory inspections and may not be able to conduct any additional inspections, contributing to missed opportunities for assessing risk.

Shortfalls in CBP officers may also lead to reassigning CBP officers during high periods of traffic volume, as we found in a 2013 report.⁵⁹ In 2013, at three of the six land borders visited, CBP field and port officials reported to us that CBP had insufficient staff to process cargo arriving by commercial vehicles. As a result, CBP had to reduce the number of CBP officers assigned to secondary inspection to open up additional primary inspection lanes for commercial traffic.⁶⁰ We reported that staffing

⁵⁹GAO, *U.S.-Mexico Border: CBP Action Needed to Improve Wait Time Data and Measure Outcomes of Facilitation Efforts*, [GAO-13-603](#) (Washington, D.C.: July 24, 2013).

⁶⁰According to CBP, trucks are referred to secondary inspection for numerous reasons, such as a CBP officer's discretion, targeted inspection, or random inspection.

shortages were caused in part by budget constraints and time needed to train and assign new CBP officers. In addition, during our port visits, some CBP officers told us that they were pulled from trade functions, such as examining air consignment cargo, to temporarily fill shortages of CBP officers needed to screen air passenger traffic, particularly during the holidays and summer.

CBP Faces Challenges to Hiring for Trade Positions

CBP faces a number of challenges to hiring staff for trade-related positions, such as other hiring priorities and limited numbers of staff focused on hiring for trade positions, according to CBP officials we met with. Some of the hiring challenges identified by CBP officials we met with include the following:

- *Hiring priorities focused on security positions.* CBP has focused on hiring staff for security positions, such as border patrol agents and CBP officers, and hiring for trade positions is not an agency-wide priority. Furthermore, trade positions with mandated staffing levels, such as import specialists, have not been hiring priorities.
- *Limited numbers of staff focused on hiring trade positions.* CBP's hiring centers have limited numbers of staff dedicated to hiring for trade positions. As a result, they have a backlog in hiring for trade positions.
- *Lengthy hiring process.* Filling trade positions within the Office of Trade and the Office of Field Operations is a lengthy process. Potential candidates tend to drop out because of the time it takes to process an applicant. All positions require lengthy background investigations, and some positions, such as CBP officers, require a polygraph and additional clearances, which can take a long time.
- *Location-based issues.* Some positions, such as customs auditor, are harder to fill because other government agencies or the private sector are competing for the same pool of applicants with specialized knowledge, or because the positions are in locations that are less desirable for applicants. CBP does not offer incentives to recruit potential candidates for mandated trade positions, according to CBP officials.⁶¹

⁶¹CBP can request recruitment and relocation incentives to help staff hard-to-fill locations for CBO officers, according to CBP officials.

CBP Has Not Articulated a Long-Term Plan for Addressing Staffing Shortfalls in Hiring for Trade Positions

CBP has not articulated how it plans to address gaps in staffing for most of its trade positions. While CBP has established targets, it has not articulated a plan to attain those numbers or how budgetary constraints, if any, impact its ability to meet staffing levels. Leading practices in human capital management indicate that agencies, through strategic workforce planning, should address developing long-term strategies for acquiring, developing, and retaining staff to achieve programmatic goals.⁶²

Specifically, leading practices suggest that agencies have a plan to identify strategies for recruiting staff that includes customized strategies to recruit highly specialized and hard-to-fill positions.⁶³ Such a plan would help CBP to ensure that it meets its staffing targets for trade positions, particularly those positions where it has not met its mandated staffing levels for a number of years. However, we found that CBP has not developed such a plan and, during the course of our audit, we found that it generally conducts hiring for trade positions on an ad hoc basis. For example, officials from the Office of Field Operations told us that CBP hired for import specialist positions, as well as most other trade positions, on an as-needed basis based on requests coming from specific port locations.⁶⁴

Officials from the Office of Field Operations told us that they are planning to take some actions to meet its staffing targets for trade positions. In December 2016, these officials said that CBP would post general import specialist job announcements starting in December 2016 and renew the announcements as necessary throughout fiscal year 2017. CBP officials indicated in March 2017 that several announcements were posted in late December and that there were over 4,000 applicants for the external

⁶²GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003).

⁶³GAO, *Human Capital: Transforming Federal Recruiting and Hiring Efforts*, [GAO-08-762T](#) (Washington, D.C.: May 8, 2008).

⁶⁴According to CBP's hiring centers, CBP utilizes an open continuous announcement for CBP officers and border patrol agents to try to meet the hiring targets for these positions. According to CBP, this process allows a job opportunity announcement to be open at all times but gives the program office flexibility to make location adjustments as necessary. In addition, according to CBP, this approach allows CBP to place as many eligible applicants in process as timely as possible. CBP has not posted continuous vacancy announcements for mandated trade positions, according to CBP officials in the hiring centers.

announcement pertaining to general import specialist. These officials also stated that CBP plans to track and facilitate the Office of Field Operations' progress toward selecting a sufficient number of applicants by June 2017 to fill all import specialist vacancies, but made no mention of recruiting or retention strategies in general or in hard-to-fill locations. In addition, in February 2017, officials from the Office of Trade told us that they are planning to create a hiring plan for customs auditors and are seeking incentives, but did not provide any time frames.

Conclusions

As an agency tasked with collecting revenue and identifying harmful and noncompliant imports, such as counterfeit products and goods that are misclassified to evade duties, CBP needs to ensure that it effectively enforces U.S. customs and trade laws while at the same time facilitating legitimate trade. In 2015, CBP officials processed more than \$2.4 trillion in imports through more than 300 ports of entry and collected around \$46 billion in revenue, making CBP the second-largest revenue collection agency in the United States. In 2016, Congress passed the Trade Facilitation and Trade Enforcement Act, which codified the establishment of CBP and highlighted the numerous units within CBP's Office of Trade and Office of Field Operations that play a critical role in CBP's trade enforcement process. CBP's strategic and annual plans for its Priority Trade Issues are intended to help focus the agency's actions and resources on high-risk issues and direct its trade facilitation and enforcement approach. These plans identify goals and contain some performance measures. However, these plans generally lack performance targets, contrary to leading management practices. Without performance targets, CBP cannot assess its actual performance against planned performance or the effectiveness of its trade enforcement activities.

Congress passed the Homeland Security Act of 2002, directing CBP to maintain, among other things, a minimum level of staff and associated support staff in certain customs revenue functions.⁶⁵ In 2006, Congress directed CBP in the SAFE Port Act to prepare a resource model to determine the optimal staffing levels that are required to carry out commercial operations, including inspection and release of cargo and the

⁶⁵Pub. L. No. 107-296, § 412(b).

revenue collection and trade functions described in section 412(b) of the Homeland Security Act. In its model, CBP outlined optimal staffing levels for 15 positions needed to perform trade functions and adequately staff Priority Trade Issues; 9 of the 15 are congressionally mandated trade positions. Our analysis of CBP staffing data over the past 5 fiscal years shows that CBP has generally not reached the optimal and mandated staffing levels for some of the 15 trade positions that carry out trade enforcement and protect revenue, such as import specialists, CBP officers, and customs auditors. CBP officials cited several challenges to filling staffing gaps, including that hiring for trade positions is not an agency-wide priority. Contrary to leading practices in human capital management, CBP has not articulated how it plans to reach its staffing targets for trade positions over the long term. Without adequate numbers of staff to carry out its numerous trade enforcement activities, CBP faces challenges to effectively carrying out its mandated mission to enforce U.S. trade laws.

Recommendations for Executive Action

To strengthen CBP's trade enforcement efforts, we recommend that the Commissioner of CBP direct relevant CBP units to take the following two actions:

- The Office of Trade should include performance targets, when applicable, in addition to performance measures in its Priority Trade Issue strategic and annual plans.
- The Office of Trade and the Office of Field Operations should develop a long-term hiring plan that articulates how CBP will reach its staffing targets for trade positions set in the Homeland Security Act and the agency's resource optimization model.

Agency Comments and Our Evaluation

We provided a draft of this report for review and comment to CBP and ICE. CBP provided technical comments for the sensitive but unclassified version of the report, which we also incorporated in this report, as appropriate. ICE also provided technical comments on this report, which we incorporated, as appropriate. CBP provided formal agency comments, which are reproduced in appendix V. In its comments, CBP concurred with both of our recommendations and identified actions it intends to take in response to the recommendations. In response to our first

recommendation, CBP indicated that it will work to identify applicable performance measures with performance targets to include in the fiscal year 2018 annual and strategic plans for its Priority Trade Issues. In response to our second recommendation, CBP indicated that the Office of Trade and the Office of Field Operations will partner with the Office of Human Resources Management to identify stakeholders and define challenges that have resulted in hiring gaps in trade-related positions and to develop a long-term hiring and resource plan.

We are sending copies of this report to the appropriate congressional committees, the Acting Commissioner of CBP, and the Acting Director of ICE. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-8612 or GianopoulosK@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VI.



Kimberly M. Gianopoulos
Director, International Affairs and Trade

Appendix I: Past Audit Findings and Recommendations Related to U.S. Customs and Border Protection Trade Enforcement, Fiscal Years 2011-2016

We identified a total of 24 reports issued between fiscal years 2011 and 2016 that are related to trade enforcement and contain recommendations to the Department of Homeland Security (DHS) or U.S. Customs and Border Protection (CBP).¹ Nine of these reports were audits conducted by GAO, while 13 were audits and 2 were inspections conducted by the DHS Office of Inspector General (OIG).² This appendix provides an overview of key findings and relevant recommendations from these reports, as well as the status of actions taken to implement the recommendations.³

Key Findings and Recommendations from GAO Audits Issued between Fiscal Years 2011 and 2016

We identified nine GAO audits, issued between fiscal years 2011 and 2016 and related to trade enforcement, that have recommendations to DHS or CBP. Of the nine audits, two reviewed antidumping and countervailing (AD/CV) duties; three reviewed targeting; two reviewed other topics; and two reviewed the agricultural quarantine inspection (AQI) program, a program that guards against harmful agricultural pests and diseases by inspecting imported agricultural goods, products,

¹These audits adhere to professional standards such as the Generally Accepted Government Auditing Standards (GAGAS) or the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation.

²DHS OIG audits include independent auditors' reports on CBP's consolidated financial statements. Besides GAO and DHS OIG, no other private and nonprofit entities or government agencies have published trade enforcement audits or inspections from fiscal years 2011 to 2016 that adhere to a professional standard and pertain to trade enforcement and contain recommendations made out to CBP or DHS.

³"Relevant recommendations" are those pertaining to trade enforcement and addressed to DHS or CBP.

**Appendix I: Past Audit Findings and
Recommendations Related to U.S. Customs
and Border Protection Trade Enforcement,
Fiscal Years 2011-2016**

passenger baggage, and vehicles at ports of entry. Table 7 lists the nine GAO audits.

Appendix I: Past Audit Findings and
Recommendations Related to U.S. Customs
and Border Protection Trade Enforcement,
Fiscal Years 2011-2016

Table 7: U.S. Government Accountability Office Audits Pertaining to Trade Enforcement, Fiscal Years 2011-2016

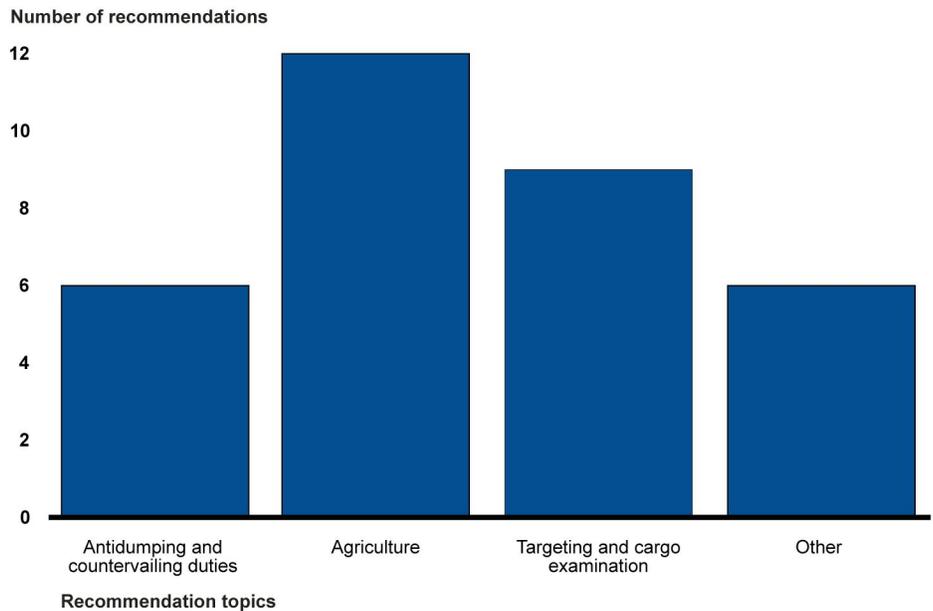
<i>Antidumping and Countervailing Duties: CBP Action Needed to Reduce Duty Processing Errors and Mitigate Nonpayment Risk.</i> GAO-16-542 . Washington, D.C.: July 14, 2016.
<i>Supply Chain Security: CBP Needs to Enhance Its Guidance and Oversight of High-Risk Maritime Cargo Shipments.</i> GAO-15-294 . Washington, D.C.: January 27, 2015.
<i>Intellectual Property: U.S. Customs and Border Protection Could Better Manage Its Process to Enforce Exclusion Orders.</i> GAO-15-78 . Washington, D.C.: November 19, 2014.
<i>U.S.-Mexico Border: CBP Action Needed to Improve Wait Time Data and Measure Outcomes of Trade Facilitation Efforts.</i> GAO-13-603 . Washington, D.C.: July 24, 2013.
<i>Agricultural Quarantine Inspection Fees: Major Changes Needed to Align Fee Revenues with Program Costs.</i> GAO-13-268 . Washington, D.C.: March 1, 2013.
<i>Supply Chain Security: CBP Needs to Conduct Regular Assessments of Its Cargo Targeting System.</i> GAO-13-9 . Washington, D.C.: October 25, 2012.
<i>Homeland Security: Agriculture Inspection Program Has Made Some Improvements, but Management Challenges Persist.</i> GAO-12-885 . Washington, D.C.: September 27, 2012.
<i>Antidumping and Countervailing Duties: Management Enhancements Needed to Improve Efforts to Detect and Deter Duty Evasion.</i> GAO-12-551 . Washington, D.C.: May 17, 2012.
<i>Live Animal Imports: Agencies Need Better Collaboration to Reduce the Risk of Animal-Related Diseases.</i> GAO-11-9 . Washington, D.C.: November 8, 2010.

Source: GAO analysis of GAO audits. | GAO-17-618

These nine GAO audits contain a total of 46 recommendations, 33 of which concern trade enforcement and are addressed to DHS or CBP.⁴ Topics of these 33 recommendations fall into four general categories: AD/CV duties, agriculture (specifically the AQI program), targeting and cargo examination, and other (see fig. 10 for a breakdown of recommendations by topic).

⁴Thirteen recommendations are addressed to agencies other than DHS or CBP and therefore are not included in our analysis.

Figure 10: Number of GAO Recommendations by Topic Related to U.S. Customs and Border Protection Trade Enforcement, Fiscal Years 2011-2016



Source: GAO analysis of GAO audits. | GAO-17-618

Some of these 33 GAO recommendations address weaknesses concerning adequate data reliability, guidance, or performance measures as they relate to the four topics.

Recommendations for addressing data reliability include, among other things:

- improving the reliability of AQI data on arrivals, inspections, and interceptions across ports;
- developing a better national estimate of compliance with maritime cargo targeting policies by calculating compliance rate differently; and
- developing an enhanced methodology for selecting samples to check compliance with policies on examining high-risk shipments.

Recommendations for addressing guidance include, among other things:

- revising guidance to include how targeters are to correctly enter data in targeting systems;

- updating guidance on how ports are to conduct work studies to determine the correct allocation of staff time; and
- updating guidance with requirements to establish time frames for issuing trade alerts for exclusion orders, which are notices that the International Trade Commission (ITC) issues to not allow certain imports that infringe upon certain intellectual property rights or other unfair import practices into the United States.

Recommendations for addressing performance measures include, among other things:

- reviewing performance against established time frames; and
- identifying performance measures for monitoring effectiveness in targeting, AD/CV duty collection, and protecting U.S. agriculture from introduction of foreign pests and disease.

In the nine reports issued between fiscal years 2011 and 2016, GAO made 33 recommendations to DHS or CBP, of which 24 have been closed as implemented, and 9 remain open (see table 8 for the status of GAO's open recommendations, as of October 2016).⁵ Most of the open recommendations come from two GAO reports. Three of the nine open recommendations are found in GAO's July 2016 report on \$2.3 billion in unpaid AD/CV duty bills.⁶ In addition, another three open

⁵GAO follows up on the status and closure of its work by identifying and documenting the results of recommendations at least annually after a report is issued. Within 1 month following a report's issuance, GAO updates each recommendation's status to reflect agency comments, including whether the agency agreed or disagreed with the recommendation. For at least 4 years thereafter, GAO updates the agency's implementation efforts on an ongoing basis but follows up at least annually by discussing and obtaining documentation from appropriate agency officials on the actions taken to implement the recommendations. Recommendations may be open, closed as implemented, or closed as not implemented. Recommendations generally remain open if (a) the product was recently issued and the agency has not yet taken action, or (b) the agency has actions underway to implement the recommendation. Recommendations are generally closed as implemented if (a) the agency took the specific action(s) GAO recommended, or (b) the agency took actions other than what GAO specifically recommended that essentially met the recommendation's intent. Recommendations are generally closed as not implemented when sufficient time has passed and, in our professional judgment, the agency is unlikely to implement the recommendation. According to GAO guidance, past experience has shown that if a recommendation has not been implemented within 4 years, it is not likely to be implemented. The status of GAO recommendations can be found on GAO's public website at www.gao.gov.

⁶GAO, *Antidumping and Countervailing Duties: CBP Action Needed to Reduce Duty Processing Errors and Mitigate Nonpayment Risk*, [GAO-16-542](#) (Washington, D.C.: July 14, 2016).

**Appendix I: Past Audit Findings and
Recommendations Related to U.S. Customs
and Border Protection Trade Enforcement,
Fiscal Years 2011-2016**

recommendations are found in GAO’s July 2013 report on U.S.-Mexico border wait times.⁷ This report on U.S.-Mexico border wait times stated that CBP’s Office of Field Operations (OFO) could help CBP better ensure that scarce staff resources are effectively allocated to fulfill mission needs across ports by improving transparency, that is, documenting the methodology and process OFO uses to allocate staff to land ports of entry on the southwest border.

Table 8: Open GAO Recommendations and Their Status, as of October 2016

Report	Topic	Recommendation	Recommendation status
<i>Antidumping and Countervailing Duties: CBP Action Needed to Reduce Duty Processing Errors and Mitigate Nonpayment Risk.</i> GAO-16-542 . Washington, D.C.: July 14, 2016.	Antidumping and countervailing duties	To better manage the antidumping and countervailing (AD/CV) duty liquidation process, U.S. Customs and Border Protection (CBP) should issue guidance directing the Antidumping and Countervailing Duty Centralization Team to (a) collect and analyze data on a regular basis to identify and address the causes of liquidations that occur contrary to the process or outside the 6-month time frame mandated by statute, (b) track progress on reducing such liquidations, and (c) report on any effects these liquidations may have on revenue.	Open CBP concurred with this recommendation and said it would take steps to implement it. When GAO confirms that CBP has taken action, GAO will close the recommendation, as implemented.
GAO-16-542	Antidumping and countervailing duties	To improve risk management in the collection of AD/CV duties and to identify new or changing risks, CBP should regularly conduct a comprehensive risk analysis that assesses both the likelihood and the significance of risk factors related to AD/CV duty collection.	Open CBP concurred with this recommendation and said it would take steps to implement it. When GAO confirms that CBP has taken action, GAO will close the recommendation, as implemented.
GAO-16-542	Antidumping and countervailing duties	To improve risk management in the collection of AD/CV duties, CBP should, consistent with U.S. law and international obligations, take steps to use its data and risk assessment strategically to mitigate AD/CV duty nonpayment, such as by using predictive risk analysis to identify entries that pose heightened risk and taking appropriate action to mitigate the risk.	Open CBP concurred with this recommendation and said it would take steps to implement it. When GAO confirms that CBP has taken action, GAO will close the recommendation, as implemented.

⁷GAO, *U.S.-Mexico Border: CBP Action Needed to Improve Wait Time Data and Measure Outcomes of Trade Facilitation Efforts*, [GAO-13-603](#) (Washington, D.C.: July 24, 2013).

**Appendix I: Past Audit Findings and
Recommendations Related to U.S. Customs
and Border Protection Trade Enforcement,
Fiscal Years 2011-2016**

Report	Topic	Recommendation	Recommendation status
<i>Intellectual Property: U.S. Customs and Border Protection Could Better Manage Its Process to Enforce Exclusion Orders.</i> GAO-15-78 . Washington, D.C.: November 19, 2014.	Targeting and cargo examination	To improve CBP's management of its process for enforcing exclusion orders, the Secretary of Homeland Security should direct the CBP Commissioner to update CBP's internal guidance with requirements to routinely identify any orders whose changed conditions merit a CBP request that the International Trade Commission (ITC) rescind them.	Open CBP told GAO that it did not concur with GAO's recommendation. CBP noted that there is no statutory or regulatory authority mandating that it monitor the ITC's list of exclusion orders to determine if changed conditions of law or fact would warrant the rescission of any of the orders. GAO continues to monitor any CBP efforts to address this recommendation.
<i>U.S.-Mexico Border: CBP Action Needed to Improve Wait Time Data and Measure Outcomes of Trade Facilitation Efforts.</i> GAO-13-603 . Washington, D.C.: July 24, 2013.	U.S.- Mexico border wait times	To improve the usefulness of southwest border crossing wait time data for informing public and management decisions, the Commissioner of CBP should identify and carry out steps that can be taken to help CBP port officials overcome challenges to consistent implementation of existing wait time estimation methodologies.	Open CBP concurred with this recommendation. As of October 2016, CBP officials reported that in order to avoid further investment in a manual wait time methodology, the agency planned to focus resources on developing an enterprise-wide solution for automating the measurement of border delays. CBP estimated that this recommendation will be addressed in September 2017. GAO continues to monitor CBP efforts to address this recommendation.
GAO-13-603	U.S.- Mexico border wait times	To better ensure that CBP's Office of Field Operations' (OFO) staffing processes are transparent and to help ensure that CBP can demonstrate that these resource decisions have effectively addressed CBP's mission needs, the Commissioner of CBP should document the methodology and process OFO uses to allocate staff to land ports of entry on the southwest border, including the rationales and factors considered in making these decisions.	Open CBP concurred with this recommendation. As of October 2016, CBP's Office of Field Operations reported that they have drafted a CBP Office Staffing Allocation Process Standard Operating Procedure that documents, at a high level, CBP's staffing allocation process. CBP officials reported that they plan to further refine and pilot the documented process in the fiscal year 2017 staffing allocation cycle. CBP estimated that this recommendation will be addressed in March 2017. GAO continues to monitor CBP efforts to address this recommendation.

**Appendix I: Past Audit Findings and
Recommendations Related to U.S. Customs
and Border Protection Trade Enforcement,
Fiscal Years 2011-2016**

Report	Topic	Recommendation	Recommendation status
GAO-13-603	U.S.- Mexico border wait times	To improve the usefulness of southwest border crossing wait time data for informing public and management decisions, the Commissioner of CBP should, in consultation with the Federal Highway Administration and state Departments of Transportation assess the feasibility of replacing current methods of manually calculating wait times with automated methods.	Open CBP concurred with this recommendation. As of October 2016, CBP's Office of Field Operations reported working to identify a feasible and cost-effective wait time solution to measure commercial vehicle delays along the southern border. CBP officials reported that further work is required to verify the accuracy of the automated wait time data. CBP estimated that this recommendation will be addressed in September 2017. GAO continues to monitor CBP efforts to address this recommendation.
<i>Agricultural Quarantine Inspection Fees: Major Changes Needed to Align Fee Revenues with Program Costs.</i> GAO-13-268 . Washington, D.C.: March 1, 2013.	Agriculture	To better align the distribution of Agricultural Quarantine Inspection (AQI) fee revenues with AQI costs, the Secretaries of Agriculture and Homeland Security should work together to allocate AQI fee revenues consistent with each agency's AQI costs.	Open CBP concurred with this recommendation. In October 2015, the U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) published a final rule adding new AQI fee categories and adjusting the rates of some of the existing fee categories. CBP and APHIS updated their revenue-sharing agreement to reflect the new AQI fee structure. GAO continues to monitor CBP efforts to address this recommendation.
GAO-13-268	Agriculture	To ensure that inspection fees are collected when due, the Secretary of Homeland Security should establish internal controls to alert personnel when fees are not paid, and use available information to verify that arriving trucks, private aircraft, and private vessels pay applicable inspection user fees.	Open CBP concurred with this recommendation. In a May 3, 2016, notice in the Federal Register, CBP announced a pilot test program to automate truck user fee payments by allowing truck carriers to pay fees online prior to arriving at the border. In November 2016, CBP announced that it had expanded the pilot to all commercial land border crossings and implemented an outreach campaign to publicize the availability of this payment option. GAO continues to monitor CBP efforts to address this recommendation.

Source: GAO analysis of GAO audits. | GAO-17-618

Key Findings and Recommendations from DHS OIG Reports Issued between Fiscal Years 2011 and 2016

We identified 15 reports, which include 13 audits and two inspections issued between fiscal years 2011 and 2016 by DHS OIG related to trade enforcement that have recommendations to DHS or CBP. Six of the DHS OIG audits were independent auditors' reports on CBP's financial statements. Of the remaining nine reports, three reviewed targeting and cargo examinations, and the other six each reviewed different topics: the bonding process; the Office of Regulatory Audit; the penalty process; the workload staffing model; bonded facilities; and the Automated Commercial Environment, the central trade data collection system used for, among other things, receiving users' standard data and other relevant documentation required for the release of imported cargo. See table 9 for a list of these DHS OIG reports.

Table 9: DHS Office of Inspector General Audit (OIG) and Inspection Reports Pertaining to Trade Enforcement, Fiscal Years 2011-2016

<i>Independent Auditors' Report on U.S. Customs and Border Protection's FY 2015 Consolidated Financial Statements.</i> OIG-16-54. Washington, D.C.: March 21, 2016.
<i>CBP Is on Track to Meet ACE Milestones, but It Needs to Enhance Internal Controls.</i> OIG-15-91. Washington, D.C.: May 11, 2015.
<i>Independent Auditors' Report on U.S. Customs and Border Protection's FY 2014 Financial Statements.</i> OIG-15-76. Washington, D.C.: April 21, 2015.
<i>CBP's Houston Seaport Generally Complied with Cargo Examination Requirements but Could Improve Its Documentation of Waivers and Exceptions.</i> OIG-15-64. Washington, D.C.: April 14, 2015.
<i>U.S. Customs and Border Protection Did Not Effectively Target and Examine Rail Shipments from Canada and Mexico.</i> OIG-15-39. Washington, D.C.: March 3, 2015.
<i>Inspection of U.S. Customs and Border Protection Miami Field Office Ports of Entry.</i> OIG-15-13. Washington, D.C.: December 18, 2014.
<i>U.S. Customs and Border Protection's Workload Staffing Model.</i> OIG-14-117. Washington, D.C.: July 24, 2014.
<i>Independent Auditors' Report on U.S. Customs and Border Protection's FY 2013 Financial Statements.</i> OIG-14-59. Washington, D.C.: March 27, 2014.
<i>Independent Auditors' Report on U.S. Customs and Border Protection's FY 2012 Financial Statements.</i> OIG-13-53. Washington, D.C.: March 22, 2013.
<i>U.S. Customs and Border Protection's Penalty Process-Statute of Limitations.</i> OIG-12-131. Washington, D.C.: September 27, 2012.
<i>Customs and Border Protection's Office of Regulatory Audit.</i> OIG-12-117. Washington, D.C.: September 7, 2012.
<i>Independent Auditors' Report on U.S. Customs and Border Protection's FY 2011 Financial Statements.</i> OIG-12-65. Washington, D.C.: March 27, 2012.
<i>CBP's Management Controls over Bonded Facilities.</i> OIG-12-25. Washington, D.C.: January 6, 2012.
<i>Efficacy of Customs and Border Protection's Bonding Process.</i> OIG-11-92. Washington, D.C.: June 27, 2011.
<i>Independent Auditors' Report on U.S. Customs and Border Protection's FY 2010 Financial Statements.</i> OIG-11-61. Washington, D.C.: March 25, 2011.

**Appendix I: Past Audit Findings and
Recommendations Related to U.S. Customs
and Border Protection Trade Enforcement,
Fiscal Years 2011-2016**

Legend: ACE=Automated Commercial Environment and CBP=U.S. Customs and Border Protection

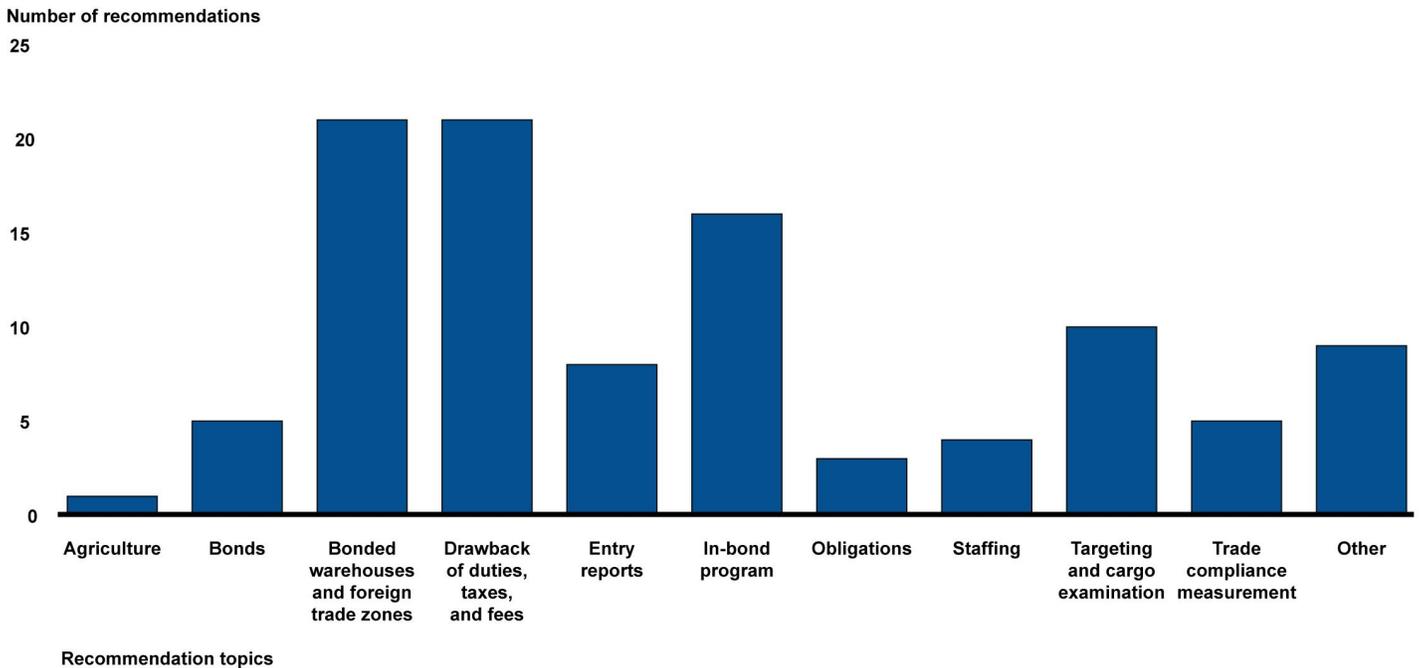
Source: GAO analysis of Department of Homeland Security (DHS) Office of Inspector General reports. | GAO-17-618

The 15 DHS OIG audits and inspections contain a total of 142 recommendations, 103 of which pertain to trade enforcement and are addressed to DHS or CBP.⁸ Eighty-five of these 103 recommendations originate from the six independent auditors' reports on CBP's financial statements and cover recurring topics. Topics of the recommendations fall into 11 general categories.⁹ For a breakdown of DHS OIG recommendations by topic, see figure 11.

⁸Fourteen recommendations from independent auditors' reports on CBP's consolidated financial statements pertained to information technology or property, plant, and equipment, and are therefore not included in our analysis. Another recommendation was redacted by OIG.

⁹Recommendation topics from independent auditors' reports include drawback, entry reports, in-bond program, trade compliance measurement (TCM), and bonded warehouses and foreign trade zones (FTZ). TCM refers to a primary method by which CBP measures risk in the areas of trade compliance and revenue collection. Bonded warehouses are facilities under CBP's supervision used to store merchandise that has not made entry into U.S. commerce for up to 5 years. FTZs are secure areas under CBP supervision considered to be outside CBP territory, in which merchandise may be admitted for operations such as storage, exhibition, assembly, manufacturing, and processing.

Figure 11: Number of DHS Office of Inspector General Recommendations by Topic Related to Trade Enforcement, Fiscal Years 2011-2016



Source: GAO analysis of Department of Homeland Security (DHS) Office of Inspector General audits. | GAO-17-618

Some of these 103 DHS OIG recommendations addressed weaknesses concerning guidance or strategy or procedures, as they relate to the 11 topics.

Recommendations addressing guidance include, among other things, providing guidance to ports and field offices to ensure that employees

- resolve reports during the in-bond process,
- review bonded warehouses and foreign trade zones facilities, and
- use the correct targeting criteria for rail shipments.

Recommendations addressing strategy and procedures, among other things, include establishing written procedures or conducting assessment for

- developing, changing, and using the Workload Staffing Model, an Excel spreadsheet-based model that CBP uses to identify staffing needs for CBP officers at ports of entry; and

- determining whether resources are appropriately allocated to ensure effective penalty case management at Fines, Penalties and Forfeitures field offices.

Of the 103 DHS OIG recommendations pertaining to trade enforcement and addressed to DHS or CBP, 85 have been closed and 18 remain open (see table 10 for a list of DHS OIG reports with open recommendations and their status as of October 24, 2016). DHS OIG officials report that the agency concurred with these open and closed recommendations.¹⁰ The 18 open recommendations originate from five reports. In one particular report,¹¹ the independent public accounting firm KPMG LLP (KMPG) recommended that CBP implement additional training at ports and/or additional oversight controls to ensure that risk assessments for bonded warehouses and foreign trade zones (FTZ) are consistently performed in accordance with required guidelines.¹² KMPG had found that CBP was unable to provide evidence of completing compliance reviews to support the assessed risk level for certain bonded warehouses and FTZ reviews, and improperly recorded the risk level of an FTZ based on the compliance review that was conducted. KMPG found that the problem was that CBP personnel did not consistently adhere to bonded warehouses' and FTZs'

¹⁰OIG follows up on the status and closure of its work by identifying and documenting the results of recommendations at least semiannually after product issuance. After releasing the report for agency comment, OIG updates each recommendation's status to resolved or unresolved. Statuses are resolved if the agency concurs with the recommendation, and unresolved if the agency does not concur. After report issuance, OIG updates the agency's implementation efforts on an ongoing basis but follows up on resolved recommendations semiannually and unresolved recommendations quarterly by discussing and obtaining documentation from appropriate agency officials on the actions taken to implement the recommendations.

Recommendations may be resolved and open, resolved and closed, or unresolved and open. Recommendations generally remain resolved and open if the agency concurred with the recommendation, but (a) the product was recently issued and the agency has not yet taken action, or (b) the agency has actions underway to implement the recommendation. Recommendations are generally resolved and closed if the agency concurred with the recommendation and (a) took the specific action(s) that OIG recommended or (b) took actions other than what OIG specifically recommended that essentially met the recommendation's intent. Recommendations are generally unresolved and open if the agency did not concur with the recommendation and has not yet taken action.

¹¹OIG, *Independent Auditors' Report on U.S. Customs and Border Protection's FY 2014 Financial Statements*, OIG-15-76 (Washington, D.C.: Apr. 21, 2015).

¹²According to DHS OIG officials, KPMG is currently responsible for conducting independent auditors' reports on CBP's financial statements. The KPMG reports have been reviewed and accepted by DHS OIG.

Appendix I: Past Audit Findings and Recommendations Related to U.S. Customs and Border Protection Trade Enforcement, Fiscal Years 2011-2016

policies and procedures for completing compliance reviews. These conditions increased the risk that imported goods awaiting entry into commerce may not be secure, which could result in a loss of revenue.

KMPG also recommended that CBP implement additional training at port locations on tracking in-bond entries for compliance. An in-bond entry allows for the movement of cargo through the United States without payment of duty or appraisal prior to entry into either domestic commerce or exportation to a foreign country, and CBP oversees in-bond compliance using the In-Bond Compliance Module. However, KMPG found that port personnel did not have a clear understanding of how to operate the compliance module, which, according to OIG-15-76, may result in missed opportunities for CBP to assess fines and penalties and collect the associated revenues.

Table 10: Open DHS Office of Inspector General Recommendations and Their Status, as of October 24, 2016

Report	Topic	Recommendation	Recommendation status
<i>Independent Auditors' Report on U.S. Customs and Border Protection's FY 2015 Consolidated Financial Statements.</i> OIG-16-54. Washington, D.C.: March 21, 2016.	Entry reports	Implement monitoring controls and review procedures to ensure case information is accurately updated.	Open U.S. Customs and Border Protection (CBP) concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
OIG-16-54	Entity-level controls	Enhance the current process implemented over the entity-wide risk assessment, information and communication, and monitoring of the organization. Specifically, CBP personnel should strengthen the Office of Management and Budget Circular No. A-123 process throughout the organization by establishing program risk assessments and continuous monitoring processes.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
<i>Independent Auditors' Report on U.S. Customs and Border Protection's FY 2014 Financial Statements.</i> OIG-15-76. Washington, D.C.: April 21, 2015.	Drawback of duties, taxes, and fees	Continue with the implementation of drawback functionality in the new system as scheduled.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.

**Appendix I: Past Audit Findings and
Recommendations Related to U.S. Customs
and Border Protection Trade Enforcement,
Fiscal Years 2011-2016**

Report	Topic	Recommendation	Recommendation status
OIG-15-76	Drawback of duties, taxes, and fees	Dedicate sufficient resources to effectively perform compensating manual controls over drawback claims, including implementation of a statistical method for identifying potential revenue loss until CBP systems can be updated to implement an automated solution.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
OIG-15-76	Drawback of duties, taxes, and fees	Continue to pursue congressional action in order to have the statutory requirement set by Congress changed.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
OIG-15-76	Drawback of duties, taxes, and fees	Include requirements to automate bond sufficiency for drawback in the development of drawback functionality in the new system. Additionally, until such time as the automated functionality is operating in the new system, CBP should develop manual control procedures to track the sufficiency of continuous bonds.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
OIG-15-76	Drawback of duties, taxes, and fees	Institute a periodic monitoring control to ensure that accurate and timely reconciliations are performed, including the redistribution of relevant directives to personnel that communicate the required steps for completing the reconciliations.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
OIG-15-76	In-bond program	Implement additional training at port locations over in-bond tracking and compliance, as well as develop a process to ensure effective oversight of the in-bond process. Additionally, CBP should implement policies and procedures that resolve the insufficient document retention capability of the system.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
OIG-15-76	Bonded warehouses and foreign trade zones	Complete the process of reconciling codes for bonded facilities.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.

**Appendix I: Past Audit Findings and
Recommendations Related to U.S. Customs
and Border Protection Trade Enforcement,
Fiscal Years 2011-2016**

Report	Topic	Recommendation	Recommendation status
OIG-15-76	Bonded warehouses and foreign trade zones	Implement additional training at ports and/or additional oversight controls to ensure that risk assessments for bonded warehouses and foreign trade zones are consistently performed in accordance with required guidelines.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
OIG-15-76	Entry reports	Redistribute to all ports of entry the relevant directives communicating the steps for completing report reconciliations. Additionally, CBP should institute a quarterly monitoring control by local port of entry management to ensure the timely completion of reconciliations.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
OIG-15-76	Bonds	Implement a centralized approach to monitoring Single Transaction Bonds.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
<i>U.S. Customs and Border Protection's Workload Staffing Model. OIG-14-117. Washington, D.C.: July 24, 2014.</i>	Staffing	Establish written procedures for developing and using the workload staffing model. Include procedures to catalogue, track, and validate all data sources.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
OIG-14-117	Staffing	Conduct an independent verification and validation of workload staffing model 2.0, after its completion to ensure that it satisfies CBP's requirements and functions as CBP intended.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
<i>Independent Auditors' Report on U.S. Customs and Border Protection's FY 2011 Financial Statement. OIG-12-65. Washington, D.C.: March 27, 2012.</i>	Drawback of duties, taxes, and fees	Continue to pursue alternative compensating controls and measures that may ultimately identify the potential revenue loss exposure to CBP	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.

**Appendix I: Past Audit Findings and
Recommendations Related to U.S. Customs
and Border Protection Trade Enforcement,
Fiscal Years 2011-2016**

Report	Topic	Recommendation	Recommendation status
<i>DHS OIG, Efficacy of Customs and Border Protection's Bonding Process.</i> OIG-11-92. Washington, D.C.: June 27, 2011.	Bonds	Appoint a centralized office with the responsibility for developing and implementing a single transaction bond policy, reporting on activities, and monitoring results.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
OIG-11-92	Bonds	Develop formal policies and procedures for the validation, approval, sufficiency, and storage processes for single transaction bonds.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.
OIG-11-92	Bonds	Improve revenue risk management by developing a risk-based bonding methodology for use on high-risk revenue imports that incorporates continuous bonds and single transaction bonds.	Open CBP concurred with this recommendation. The OIG will close the recommendation once CBP implements responsive corrective action and provides applicable supporting documentation.

Source: GAO analysis of Department of Homeland Security (DHS) Office of Inspector General reports. | GAO-17-618

Appendix II: Objectives, Scope, and Methodology

This report examines (1) U.S. Customs and Border Protection's (CBP) structure for carrying out trade enforcement, (2) how CBP conducts trade enforcement across its high-risk issue areas and ensures that its enforcement activities are effective, and (3) the extent to which CBP meets its staffing needs for trade enforcement. We also provide information on audits related to CBP's trade enforcement and the implementation status of any recommendations made in such audits.

To examine CBP's structure for carrying out trade enforcement, we reviewed organizational documents for CBP, specifically for the Office of Trade and the Office of Field Operations. We also spoke with CBP officials in headquarters representing directorates and branches that have a trade enforcement component within CBP to better understand their role and organizational structure. We interviewed CBP officials in the field who carry out trade enforcement to learn about their roles and responsibilities. The trade enforcement staff we spoke to in the field include the following positions: Customs and Border Protection officer; entry specialist; import specialist; national account manager; drawback specialist; customs auditor; international trade specialist; agriculture specialist; paralegal specialist; Fines, Penalties and Forfeitures specialist; and seized property specialist. We also interviewed officials at all 10 Centers of Excellence and Expertise (Centers)¹ and asked most Centers questions pertaining to the Center's organizational structure and resources, the benefits of having Centers, and any challenges that they have faced since the Centers became operational.

To examine how CBP conducts trade enforcement across its high-risk issue areas and ensures that its enforcement activities are effective, we reviewed CBP documents pertaining to trade enforcement and Priority Trade Issues, as well as planning documents. We interviewed CBP officials who set policy and conduct enforcement activities for Priority

¹The 10 Centers and their management locations are Agriculture and Prepared Products (Miami); Apparel, Footwear and Textiles (San Francisco); Automotive and Aerospace (Detroit); Base Metals (Chicago); Consumer Products and Mass Merchandising (Atlanta); Electronics (Los Angeles); Industrial and Manufacturing Materials (Buffalo); Machinery (Laredo); Petroleum, Natural Gas and Minerals (Houston); and Pharmaceuticals, Health and Chemicals (New York).

Trade Issues in headquarters as well as CBP officials in the field who carry out trade enforcement activities. Specifically, we met with officials representing units within the Office of Trade and the Office of Field Operations: National Targeting Center; Regulatory Audit; Fines, Penalties and Forfeitures Office; and Trade Operations Division. We also spoke with CBP officials representing every National Targeting and Analysis Group and the Commercial Targeting and Analysis Center to learn about their role in trade enforcement by Priority Trade Issue and to understand their coordination with other units within CBP. We visited CBP ports and field offices in Baltimore, Maryland; Los Angeles/Long Beach, California; and New York, New York to observe trade enforcement activities and interviewed CBP officials located at the sea and air ports. We visited an international mail facility at John F. Kennedy airport to learn about trade enforcement in the mail environment and observed cargo being inspected at a DHL facility at the Los Angeles airport. We selected the CBP ports and field offices to visit based on a number of factors, including the volume of imports coming through the ports, the number of relevant trade enforcement-related units at the port, the port environment (locations with cargo arriving by air, sea, and through international mail), and the proximity of the port to our location. We interviewed officials at all 10 Centers of Excellence and Expertise and asked questions pertaining to the Centers' coordination within and outside of CBP, strategy, and data collection. We did not visit and observe any land ports of entry because of limited time frames. However, during our interviews, CBP officials discussed trade enforcement processing and other activities that occur at the land borders. We spoke with Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI) officials in Washington, D.C., and in New York to learn about ICE and HSI's role in trade enforcement as well as to understand how HSI coordinates with various CBP components. We requested copies of CBP's strategic or annual plans for each of the seven Priority Trade Issues. We initially received three plans, one of which was current and two that were outdated but still being used by CBP. In addition, in February 2017 we received seven Priority Trade Issue plans, of which one was final and six were still in draft form. We reviewed and compared all plans we received against leading practices for managing results, specifically those focused on performance planning. These leading practices noted that a plan should identify goals and measures covering each of its program activities and contain targets to assess progress toward performance goals.²

²GAO, *The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance*

To examine the extent to which CBP meets its staffing needs for trade enforcement, we reviewed CBP documents and reports related to trade enforcement positions and staff levels, such as CBP's Resource Optimization Model.³ We obtained information on trade enforcement staffing, budgeting, hiring process, and any challenges to hiring trade staff by interviewing officials from the Office of Trade's Resource Management Division, the Office of Field Operations' Human Capital and Budget offices, the Enterprise Services' Finance division, and the Minneapolis Hiring Center. We also spoke to CBP officials in the field about the impact of staffing shortfalls and challenges to meeting optimal staffing levels. We requested copies of CBP staffing plans or strategies related to trade enforcement positions and discussed with CBP officials whether they had any hiring plans for trade positions. We reviewed leading practices in human capital management, which indicated that agencies, through strategic workforce planning, should address developing long-term strategies for acquiring, developing, and retaining staff to achieve programmatic goals.⁴

We requested staffing data covering fiscal years 2012-2016 for the trade positions that carry out trade functions identified in CBP's Resource Optimization Model. Nine of the 15 trade positions were mandated in the Homeland Security Act.⁵ To identify positions with staffing shortfalls, we compared actual staffing data for the nine mandated trade positions against the minimum staffing levels set in the Homeland Security Act. In addition, we compared actual staffing data for fiscal years 2015 and 2016 to the optimal staffing levels identified in CBP's Resource Optimization Model. Although the Homeland Security Act also required CBP to maintain minimum staffing levels for the associated support staff for the nine mandated trade positions, we did not assess CBP's ability to meet these staffing targets because CBP officials could not provide any

Plans, [GAO/GGD-10.1.20](#) (Washington, D.C.: April 1998).

³CBP, *Resource Optimization Model for Trade Positions, FY 2015: Fiscal Year 2015 Report to Congress* (Washington, D.C.: July 31, 2015). Section 403 of the Security and Accountability for Every Port Act of 2006 requires CBP to prepare a resource model to determine the optimal staffing levels that are required to carry out trade functions, including inspection and release of cargo. Pub. L. No. 109-247 120 Stat. 1926.

⁴GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003) and GAO, *Human Capital: Transforming Federal Recruiting and Hiring Efforts*, [GAO-08-762T](#) (Washington, D.C.: May 8, 2008).

⁵Pub. L. No. 107-296, § 412(b).

information on these positions or the staffing levels in response to our request for data. To identify staffing shortfalls for the model's six nonmandated trade positions, we compared the actual staffing data CBP reported for these positions in October 2014 against optimal staffing levels identified in the Resource Optimization Model. While we asked for the percentage of time spent on trade functions performed by staff in the six nonmandated trade positions for fiscal years 2012-2016, CBP was able to report data only for the end of fiscal year 2014 because it does not track the actual staffing levels for these positions on an annual basis. We did not independently assess and validate the optimal staffing models' ranges. To assess the reliability of the actual staffing levels reported by CBP, as of October 2014, for the six nonmandated trade positions we compared and corroborated staffing information provided in CBP reporting and spoke to CBP officials regarding the methodology used to determine the actual staffing levels for these positions. On the basis of the checks we performed, we determined these data to be sufficiently reliable for the purposes of indicating the staffing levels for the nonmandated positions. To assess the reliability of the staffing data for fiscal years 2012-2016 for the nine mandated trade positions, we compared and corroborated information provided by CBP with staffing information in the Congressional Budget Justifications for that time period and spoke to CBP officials regarding the processes they used to collect and verify the staffing data. On the basis of the checks we performed, we determined these data to be sufficiently reliable for the purposes of comparing actual to mandated staffing levels.

To provide information on audits related to CBP's trade enforcement and the implementation status of any recommendations made in such audits, we identified audits that (1) were published between fiscal years 2011 and 2016,⁶ (2) followed a professional auditing standard such as the

⁶Since CBP was stood up in 2003, we determined that audits published in the past 5 years would be most relevant to describing CBP's current state.

generally accepted government auditing standards (GAGAS),⁷ (3) contained recommendations made to the Department of Homeland Security (DHS) or CBP, and (4) were related to trade enforcement.⁸ To identify these audits, we searched databases such as ProQuest, Lexis Market and Industry News, and the National Technical Information Service to include sources representing think tanks, academics, trade industry, and government. We also searched the Department of Homeland Security's Office of Inspector General (DHS OIG)'s external website and GAO's internal database, the Engagement Results Phase. By systematically narrowing down the search results from the DHS OIG external website and GAO's Engagement Results Phase, we identified nine GAO audits and 15 DHS OIG reports that met our criteria. We corroborated our DHS report searches with the DHS Office of Inspector General. Based on our searches, we did not find that any other private or nonprofit entities or government agencies had published trade enforcement audits between fiscal years 2011 and 2016 that pertained to trade enforcement, adhered to a professional auditing or inspection standard, and contained recommendations addressed to CBP or DHS.

We obtained the status of GAO audit recommendations from GAO's external website and GAO's Engagement Results Phase database, and the status of DHS OIG audit recommendations from DHS OIG officials. For both GAO and OIG reports, we only included trade-relevant recommendations made out to CBP or DHS—136 recommendations out

⁷We included two DHS OIG inspections - *CBP's Houston Seaport Generally Complied with Cargo Examination Requirements but Could Improve Its Documentation of Waivers and Exceptions*, OIG-15-64 (Washington, D.C.: Apr. 14, 2015) and *Inspection of U.S. Customs and Border Protection Miami Field Office Ports of Entry*, OIG-15-13 (Washington, D.C.: Dec. 18, 2014) - that follow the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation. According to DHS OIG, the evidence for these inspections was gathered and reported in a fair, unbiased, and independent manner; their findings, conclusions, and recommendations are valid and supported by adequate documentation; and the recommendation follow-up for these two inspections is conducted in the same manner as the follow-up for audit recommendations.

⁸We considered audits to be related to trade enforcement if they focused on trade enforcement relevant terms, which include: Agriculture, Agriculture Quarantine Inspection, antidumping and countervailing duties, cargo, Customs and Border Protection, import safety, Priority Trade Issue, revenue, staffing, targeting, textiles, trade agreements, trade revenue, automated commercial environment, automated targeting system, bonded facility, bonded warehouse, bonding process, Cargo Enforcement Reporting and Tracking System, drawback, entry process, foreign trade zones, in-bond, Office of Field Operations, Regulatory Audit, penalty process, shipments, single transaction bond, and trade compliance measurement.

of a total of 188 (33 out of 46 recommendations for GAO reports, 103 out of 142 recommendations for OIG reports).⁹ The sources of these audits and inspections varied; the sources for GAO and DHS OIG may have been work initiated under agency authority, congressional mandates, or congressional requests. Other sources of DHS OIG audits included annually conducted independent auditors' reports on CBP's consolidated financial statements or part of a series of audit, inspection, and special reports prepared as part of DHS OIG's oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

To analyze the content of the recommendations, we coded each recommendation made in GAO and OIG audits by a topic that reflected our reporting objectives, information in the Trade Facilitation and Trade Enforcement Act of 2015 (the Act) related to GAO's mandate, and/or recurring themes and pre-existing topics identified in the audit reports. We identified 13 topics in the recommendations made by the GAO and OIG audits. Recommendation topics covering both the GAO and OIG audits included: agriculture as well as targeting and cargo examination. Recommendation topics unique to GAO audits included: antidumping and countervailing duties and an "other" category that includes U.S.-Mexico border wait times. Recommendation topics unique to OIG audits included: bonds, bonded warehouses and foreign trade zones, drawback, entry reports, in-bond program, obligations, staffing, and trade compliance measurement.¹⁰ To ensure the consistency and accuracy of coding the recommendations according to these topics, an independent verifier coded some topics independently, and a supervisor reviewed coding for other selected recommendations.

We conducted the performance audit on which this report is based from May 2016 to April 2017 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit

⁹DHS OIG redacted the third recommendation from DHS OIG, *CBP's Houston Seaport Generally Complied with Cargo Examination Requirements but Could Improve Its Documentation of Waivers and Exceptions*, OIG-15-64 (Washington, D.C.: Apr. 14, 2015), so this recommendation is not included in our analysis.

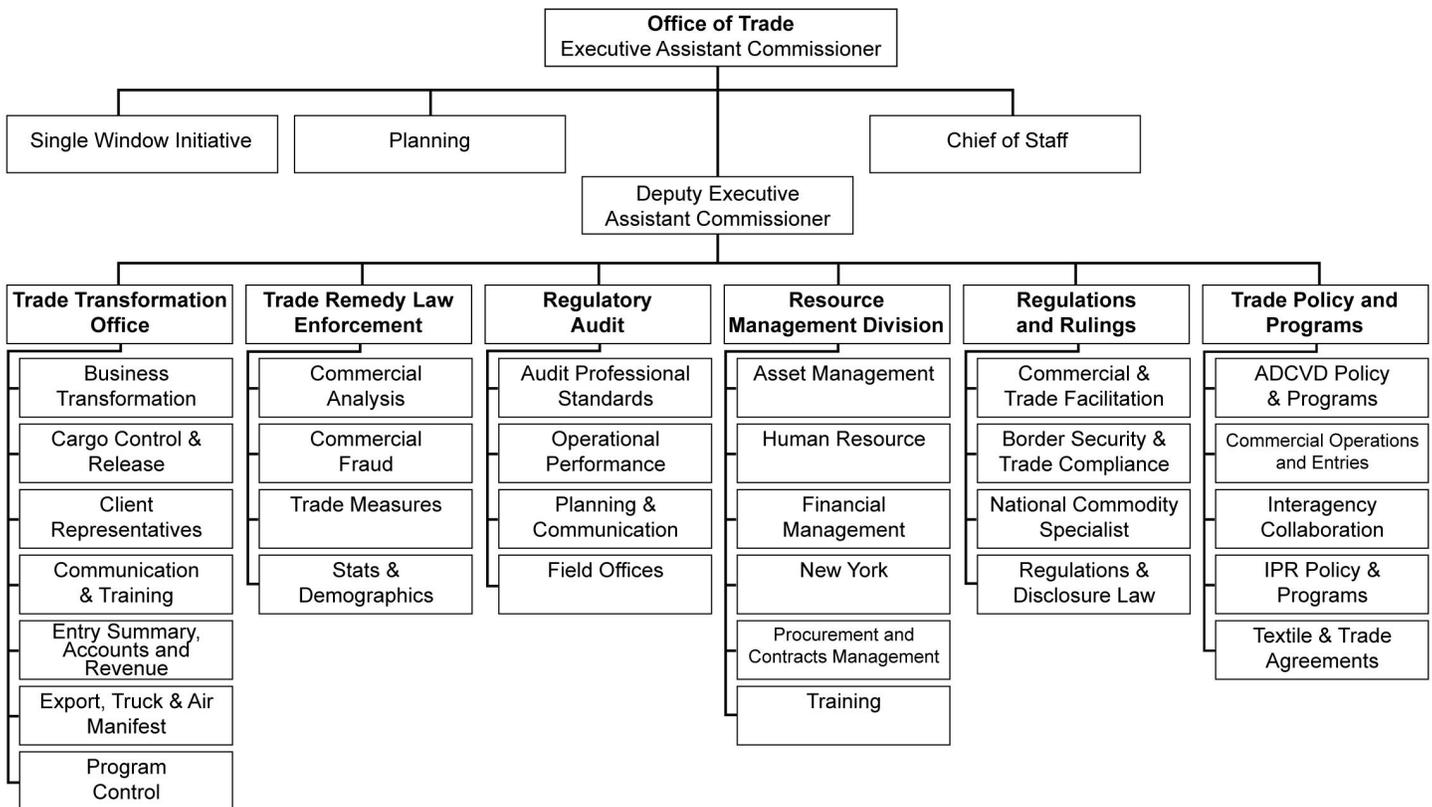
¹⁰We derived many of the topics found in OIG audits (bonded warehouses and foreign trade zones; drawback of duties, taxes and fees; entry reports; in-bond program; obligations; staffing, trade compliance measurement; and others) from pre-existing topics in DHS OIG's independent auditors' reports on CBP's financial statements.

objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We subsequently worked with CBP in May 2017 to prepare this public version of the original sensitive but unclassified report for public release. This public version was also prepared in accordance with these standards.

Appendix III: Organizational Structure of U.S. Customs and Border Protection's Office of Trade and Office of Field Operations

The Office of Trade is composed of six directorates (see fig. 12).

Figure 12: Organizational Structure of U.S. Customs and Border Protection's Office of Trade

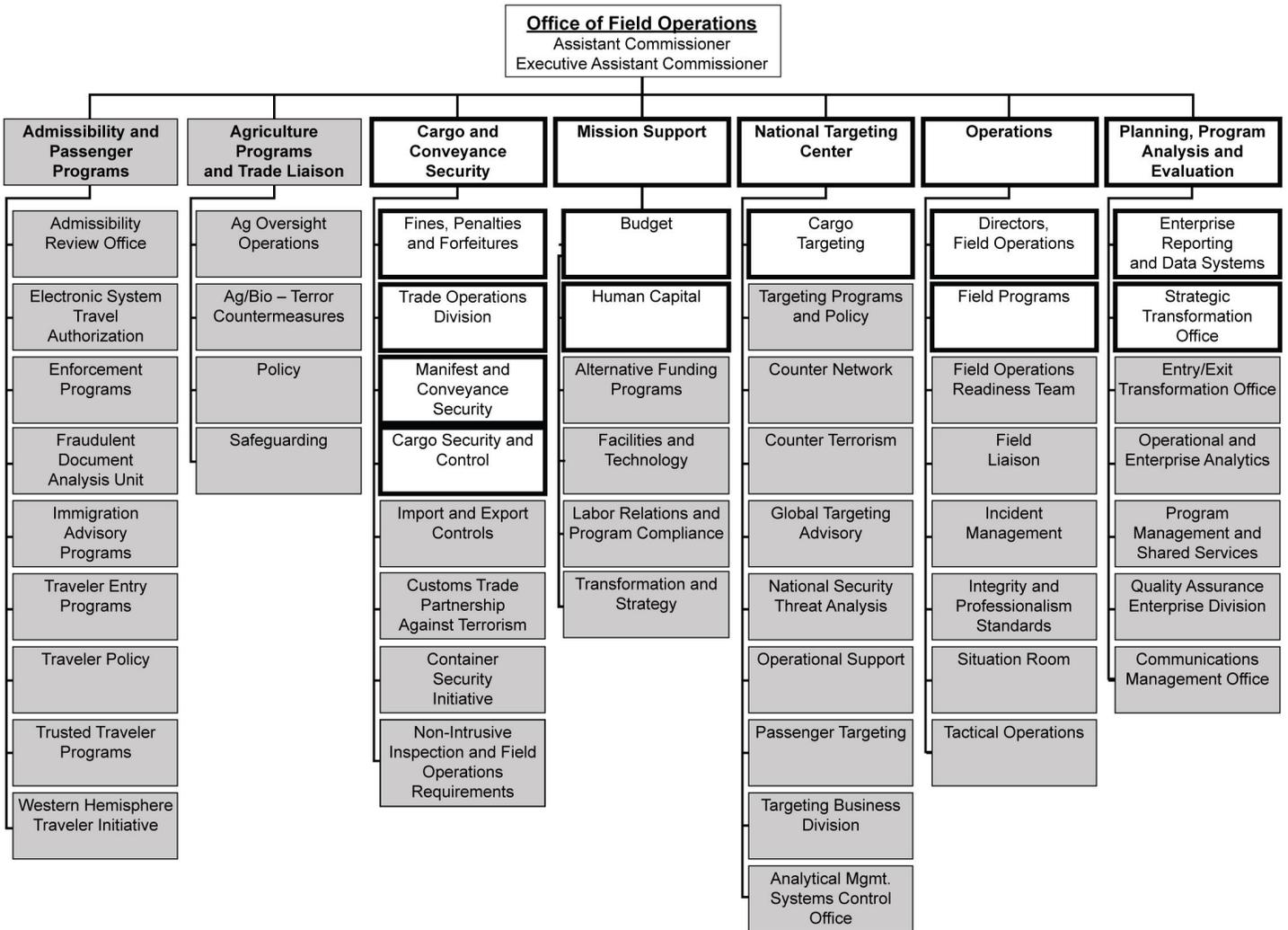


Legend:
 ADCVD = Antidumping and Countervailing Duties
 IPR = Intellectual Property Rights
 Source: U.S. Customs and Border Protection (CBP). | GAO-17-618

Appendix III: Organizational Structure of U.S. Customs and Border Protection's Office of Trade and Office of Field Operations

The Office of Field Operations is composed of seven directorates, each with a number of divisions (see fig. 13).

Figure 13: Organizational Structure of U.S. Customs and Border Protection's Office of Field Operations



Legend:

White boxes indicate trade enforcement-related directorates and branches.

Source: GAO analysis of U.S. Customs and Border Protection (CBP) documentation. | GAO-17-618

Appendix IV: Status of U.S. Customs and Border Protection's Seven Priority Trade Issue Plans

Table 11 provides a status of U.S. Customs and Border Protection's (CBP) strategic or annual plans by Priority Trade Issue, as of February 2017.

Table 11: Status of CBP's Strategic or Annual Plans for the Seven Priority Trade Issues, as of February 2017

Priority Trade Issue	Status of strategic plan or annual plan
Antidumping and Countervailing Duties	The Priority Trade Issue has an annual plan for fiscal year 2017 and a current 5-year strategic plan that covers fiscal years 2013-2018.
Intellectual Property Rights	The Priority Trade Issue is using an outdated 5-year strategic plan that covers fiscal years 2010-2014. CBP is in the process of finalizing a 3-year strategic plan that covers fiscal years 2017-2019.
Textiles and Wearing Apparel	The Priority Trade Issue is using an outdated annual plan that covers fiscal year 2011. CBP is in the process of updating and finalizing an annual plan for fiscal year 2017. CBP is in the process of developing a 5-year strategic plan that covers fiscal years 2017-2021.
Trade Agreements and Preference Programs	The Priority Trade Issue is using an outdated annual plan that covers fiscal year 2011. CBP is in the process of updating and finalizing an annual plan for fiscal year 2017. CBP is in the process of developing a 5-year strategic plan that covers fiscal years 2017-2021.
Revenue	The Priority Trade Issue is using an outdated annual plan that covers fiscal year 2009. CBP is in the process of finalizing a 3-year strategic plan that covers fiscal years 2017-2019.
Import Safety	The Priority Trade Issue does not have a strategic or annual plan. CBP is in the process of finalizing an annual plan for fiscal year 2017. CBP officials stated that once an annual plan is completed, an import safety plan covering 3-5 years might be created.
Agriculture Programs	The Priority Trade Issue does not have a strategic or annual plan. CBP is in the process of developing an annual plan that covers fiscal year 2017.

Source: GAO analysis of U.S. Customs and Border Protection (CBP) information. | GAO-17-618

Appendix V: Comments from the Department of Homeland Security

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

May 18, 2017

Kimberly M. Gianopoulos
Director, International Affairs and Trade
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Management's Response to Draft Report GAO-17-618, "CUSTOMS AND BORDER
PROTECTION: Improved Planning Needed to Strengthen Trade Enforcement"

Dear Ms. Gianopoulos:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO) work in planning and conducting its review and issuing this report.

The Department is pleased to note GAO's recognition of the many challenges the U.S. Customs and Border Protection (CBP) encounters in implementing its trade enforcement mission. CBP's Priority Trade Issues (PTIs) cover high-risk areas that can cause significant revenue loss, harm the U.S. economy, or threaten health and safety of the American people. The PTIs drive CBP's risk-informed decisions on trade resources, as well as enforcement and facilitation efforts. CBP's comprehensive trade enforcement efforts in the PTI areas continue to protect the U.S. from significant revenue loss, economic risk to U.S. Industry, and health and safety concerns.

The draft report contained two recommendations with which the Department concurs. Attached find our detailed response to each of the recommendations.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim H. Crumpacker".

TIM H. CRUMPACKER, CIA, CFE
Director
Departmental GAO-OIG Liaison Office

Attachment

**Attachment: DHS Management Response to Recommendations
Contained in GAO-17-618**

GAO recommended that the Commissioner of CBP direct the Office of Trade to:

Recommendation 1: Include performance targets, when applicable, in addition to performance measures in its Priority Trade Issue strategic and annual plans.

Response: Concur. CBP's Office of Trade (OT) will include performance targets in the Fiscal Year 2018 Priority Trade Issue strategic and annual plans, where applicable. A review is being conducted of current performance measures and results to help establish performance target baselines. The performance targets are dependent upon external factors, such as availability of resources and the dynamics/changes in international trade, which may impact CBP's ability to fully attain the annual performance targets. Estimated Completion Date (ECD): September 30, 2017.

Recommendation 2: In coordination with the Office of Field Operations (OFO), develop a long-term hiring plan that articulates how CBP will reach its staffing targets for trade positions set in the Homeland Security Act (HAS) and the agency's resource optimization model.

Response: Concur. CBP's OT and OFO will partner with Enterprise Services /Office of Human Resources Management to identify the stakeholders within each office, define the challenges which have resulted in hiring gaps in the trade related positions as set by the SAFE Port Act of 2006 and the HSA, and create a long-term hiring and resource plan to address the hiring gaps on a continual basis. ECD: February 28, 2018.

Appendix VI: GAO Contacts and Staff Acknowledgments

GAO Contact

Kimberly M. Gianopoulos, (202) 512-8612 or GianopoulosK@gao.gov

Staff Acknowledgments

In addition to the contact named above, Christine Broderick (Assistant Director), Andrea Riba Miller (Analyst-in-Charge), Debbie Chung, Martin De Alteriis, Neil Doherty, Joyce Kang, Grace Lui, and Edith Yuh made significant contributions to this report.

Appendix VI: Accessible Data

Data Tables

Data Table for Figure 10: Number of GAO Recommendations by Topic Related to U.S. Customs and Border Protection Trade Enforcement, Fiscal Years 2011-2016

Topic	Number of Recommendations
Antidumping and Countervailing Duties	6
Agriculture	12
Targeting and Cargo Examination	9
Other	6

Figure 11: Number of DHS Office of Inspector General Recommendations by Topic Related to Trade Enforcement, Fiscal Years 2011-2016

Topic	Number of Recommendations
Agriculture	1
Bonds	5
Bonded Warehouses and Foreign Trade Zones	21
Drawback of duties, taxes, and fees	21
Entry Reports	8
In-Bond Program	16
Obligations	3
Staffing	4
Targeting and Cargo Examination	10
Trade Compliance Measurement	5
Other	9

Agency Comment Letter

Text of Appendix V: Comments from the Department of Homeland Security

Page 1

May 18, 2017

Kimberly M. Gianopoulos

Director, International Affairs and Trade

U.S. Government Accountability Office 441 G Street, NW

Washington, DC 20548

Re: Management's Response to Draft Report GA0-17-618, "CUSTOMS AND BORDER PROTECTION: Improved Planning Needed to Strengthen Trade Enforcement"

Dear Ms. Gianopoulos:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO) work in planning and conducting its review and issuing this report.

The Department is pleased to note GAO's recognition of the many challenges the U.S. Customs and Border Protection (CBP) encounters in implementing its trade enforcement mission. CBP's Priority Trade Issues (PTIs) cover high-risk areas that can cause significant revenue loss, harm the U.S. economy, or threaten health and safety of the American people. The PTIs drive CBP's risk-informed decisions on trade resources, as well as enforcement and facilitation efforts.

CBP's comprehensive trade enforcement efforts in the PTI areas continue to protect the U.S. from significant revenue loss, economic risk to U.S. Industry, and health and safety concerns.

The draft report contained two recommendations with which the Department concurs. Attached find our detailed response to each of the recommendations .

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Sincerely,

Jim H. Crumpacker,

CIA, CFA, Director, Departmental GAO-OIG Liaison Office

Attachment

Page 2

Attachment: DHS Management Response to Recommendations
Contained in GA0-17-618

GAO recommended that the Commissioner of CBP direct the Office of Trade to:

Recommendation 1:

Include performance targets, when applicable, in addition to performance measures in its Priority Trade Issue strategic and annual plans.

Response: Concur.

CBP's Office of Trade (OT) will include performance targets in the Fiscal Year 2018 Priority Trade Issue strategic and annual plans, where applicable. A review is being conducted of current performance measures and results to help establish performance target baselines. The performance targets are dependent upon external factors, such as availability of resources and the dynamics/changes in international trade, which may impact CBP's ability to fully attain the annual performance targets. Estimated Completion Date (ECD): September 30, 2017.

Recommendation 2:

In coordination with the Office of Field Operations (OFO), develop a long-term hiring plan that articulates how CBP will reach its staffing targets for trade positions set in the Homeland Security Act (HAS) and the agency's resource optimization model.

Response: Concur.

CBP's OT and OFO will partner with Enterprise Services /Office of Human Resources Management to identify the stakeholders within each office, define the challenges which have resulted in hiring gaps in the trade related positions as set by the SAFE Port Act of 2006 and the HSA, and create a long-term hiring and resource plan to address the hiring gaps on a continual basis. ECD: February 28, 2018.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (<http://www.gao.gov>). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to <http://www.gao.gov> and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on [Facebook](#), [Flickr](#), [LinkedIn](#), [Twitter](#), and [YouTube](#).
Subscribe to our [RSS Feeds](#) or [E-mail Updates](#). Listen to our [Podcasts](#).
Visit GAO on the web at www.gao.gov and read [The Watchblog](#).

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Website: <http://www.gao.gov/fraudnet/fraudnet.htm>
E-mail: fraudnet@gao.gov
Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Katherine Siggerud, Managing Director, siggerudk@gao.gov, (202) 512-4400,
U.S. Government Accountability Office, 441 G Street NW, Room 7125,
Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548

Strategic Planning and External Liaison

James-Christian Blockwood, Managing Director, spel@gao.gov, (202) 512-4707
U.S. Government Accountability Office, 441 G Street NW, Room 7814,
Washington, DC 20548