



### Why This Matters

U. S. Customs and Border Protection (CBP) is responsible for collecting revenues and enforcing trade compliance. When CBP discovers a violation of law, it has the authority to assess fines and penalties. Penalties can be assessed on commercial and noncommercial imports. Penalties serve as a trade enforcement tool intended to deter noncompliance with trade laws.

In fiscal year 2010, CBP processed about \$2 trillion in trade imports and collected approximately \$29 billion in duties, user fees, and excise taxes, which included \$61 million in fines and penalties.

### DHS Response

CBP concurred with both recommendations. Corrective actions are in the process of being implemented.

## U.S. Customs and Border Protection's Penalty Process - Statute of Limitations

### What We Determined

Senator Charles Grassley expressed concerns about alleged deficiencies in the CBP revenue collection program. We initiated a series of audits, including this audit, to address Senator Grassley's concerns. Our objective was to determine whether CBP had effective processes in place to ensure that assessed penalties cases did not expire due to the statute of limitations (SOL). CBP does not have effective processes in place to ensure that penalty cases do not expire due to the SOLs. According to CBP documents we reviewed, CBP closed 1,567 penalty cases from October 1, 2008, through March 31, 2011 because SOLs expired.

CBP has not fully established key management controls for the penalties process. Its Fines, Penalties, and Forfeitures field offices do not consistently follow policies and procedures, and CBP Headquarters Office of Field Operations does not have effective oversight and enforcement authority. As a result, CBP cannot ensure that penalties cases do not expire due to the statute of limitations.

### What We Recommend

We recommend that CBP perform an organizational assessment to determine whether resources are appropriately allocated to ensure effective penalty case management; and that CBP develop, document, and implement a Headquarters oversight plan to ensure that the office responsible for oversight of penalty case management has the authority to monitor field offices' compliance with CBP guidance and to ensure effective processing of penalty cases.

### For Further Information:

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