

DEPARTMENT OF HOMELAND SECURITY

# Office of Inspector General

Audit of the Automated Commercial  
Environment Secure Data Portal:  
Management Controls Needed  
Improvement



Office of Audits

OIG-04-35

September 2004





**Homeland  
Security**

## Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the Homeland Security Act of 2002 (*Public Law 107-296*) by amendment to the Inspector General Act of 1978. This is one of a series of audit, inspection, investigative, and special reports prepared by the OIG as part of its DHS oversight responsibility to identify and prevent fraud, waste, abuse, and mismanagement.

This report assesses the strengths and weaknesses of the program or operation under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

The recommendations herein, if any, have been developed to the best knowledge available to the OIG, and have been discussed in draft with those responsible for implementation. It is my hope that this report will result in more effective, efficient, and economical operations. I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "Clark Kent Ervin".

Clark Kent Ervin  
Inspector General



# Contents

Abbreviations.....	2
Introduction.....	3
Results in Brief.....	4
Background.....	4
Process For Gathering User Feedback.....	5
Process to Monitor User Feedback.....	6
Other Matters.....	7

## Appendices

Appendix 1: Purpose, Scope, and Methodology.....	8
Appendix 2: Recommendation.....	9
Appendix 3: Overview of ACE Releases.....	10
Appendix 4: Major Contributors To This Report.....	11
Appendix 5: Report Distribution.....	12

# Contents

## Abbreviations

ACE	Automated Commercial Environment
AD	Anti-Dumping
ATS	Automated Targeting System
CBP	Customs and Border Protection
CCIE	Cargo, Conveyance, Individual and Equipment
CFO	Chief Financial Officer
CROSS	Customs Rulings Online Search System
CVD	Countervailing Duty
eCP	e-Customs Partnership
EFT	Electronic Funds Transfer
FCC	Federal Communications Commission
FDA	Food and Drug Administration
FMCSA	Federal Motor Carrier Safety Administration
FOIA	Freedom of Information Act
FTZ	Foreign Trade Zone
HTS	Harmonized Tariff Schedule
IASS	Importer Activity Summary Statement
ITC	International Trade Commission
MARAD	Maritime Administration
NTC	National Targeting Center
OIG	Office of Inspector General
PTR	Product Trouble Report
TBD	To Be Determined

*Department of Homeland Security  
Office of Inspector General*

## Introduction

The Automated Commercial Environment (ACE) Secure Data Portal is a system that will allow the private sector trade community to submit data that meets all federal requirements for cargo entering and leaving the United States. The development of ACE is a massive and multifaceted effort directly related to the success of the Customs and Border Protection (CBP) mission. According to CBP, ACE will enable CBP to:

- process and monitor import and export shipments and related trade activity more efficiently through trade accounts versus individual transactions;
- release cargo more efficiently by integrating international law enforcement intelligence, commercial intelligence; and data mining results to focus efforts on high-risk importers and accounts; and
- facilitate cargo processing by permitting the transfer of automated entry, entry summary, and manifest information in one standard data set for all modes of transportation.

The vision of ACE is to create a single portal<sup>1</sup> for all Federal requirements for international cargo. This will provide the trade community a single web-based interface to make periodic payments, post transactions, and view statement records by account. This will benefit the federal government by creating a common knowledge-based risk management system for joint enforcement targeting and intelligence development.

The objective of the audit was to determine CBP was managing and developing the ACE Secure Data Portal to meet user expectations in the areas of user feedback and the change request process. The audit work was performed from April to November 2003. This report and the two prior reports issued, taken together, represent the results of the audit of the ACE Secure Data Portal.

Our first report addressed a critical contract deliverable and technical reporting issues. CBP concurred with our two recommendations relating to acceptance of the foundational activities in the deliverable and improving technical reporting. (Audit Report Number OIG-01-04, titled *Audit of the Automated Commercial*

---

<sup>1</sup> A “portal” is software that provides a controlled gateway to an internet site.

*Environment Secure Data Web Portal: Quality of Deliverables Can Be Improved*, dated November 25, 2003)

Our second report addressed security concerns and was issued for official use only. (Audit Report Number OIG-04-22, titled *Audit of the Automated Commercial Environment Secure Data Web Portal: Information System Security Requirements Need To Be Implemented*, dated May 24, 2004)

## Results in Brief

The process used by e-Customs Partnership (eCP) to gather user feedback was adequate. During a 90-day pilot, eCP established a logical process to gather user feedback. This process resulted in the initiation of Product Trouble Reports (Trouble Reports) and change requests.

However, the CBP Modernization Office was not tracking all the user feedback collected by eCP. A monitoring process would allow the CBP Modernization Office to review, evaluate, monitor, and track user feedback to ensure that issues important to CBP are properly addressed.

In addition, change request packages did not always have the required documentation identifying how changes would impact the program. As a result, the Change Control Board and Project Directors approved work requirement changes without knowing the full impact of the changes to the program.

## Background

CBP enforces the trade laws of the United States while also facilitating legitimate trade and travel. In performing its mission, CBP counters the dual threats of narcotics smuggling and terrorist infiltration. The ability of CBP to process the growing volume of imports, while improving compliance with trade laws, depends heavily on successfully improving the trade compliance process and modernizing supporting automated systems. In August 2001, eCP, the prime contractor for the development of ACE, started work. Currently, eCP is scheduling the full deployment of ACE by December 2007 at an estimated cost of \$2.24 billion.

The ACE development coalition, eCP, is delivering ACE in a series of seven releases. Each release provides added functionalities and capabilities. (See



Appendix 3 for an Overview of Ace Releases.) As of May 2004, eCP had deployed *Release 2*<sup>2</sup>, which established the initial infrastructure upon which all subsequent ACE functionality would rest and provided access to CBP account managers and 41 companies who import merchandise into the United States. CBP accepted delivery of *Release 2* in October 2003 and started testing the system with CBP account managers and 41 companies to gather feedback of system functionality. *Release 3* will increase the number of trade accounts and provide monthly statements and payments. *Release 3* will also deliver the ACE infrastructure through which internal and external users will access revenue, sensitive law enforcement, and proprietary corporate information. *Release 3*, which allows importers and designated brokers to make periodic monthly payments for monthly statements of duties and fees, is scheduled for deployment in the summer of 2004.

## Process For Gathering User Feedback

eCP established an adequate process to gather user feedback needed to help initiate Trouble Reports and change requests during the *Release 2* pilot performance period. The feedback gathered by this process also provided additional information to improve future releases of the ACE Secure Data Portal.

The ACE pilot performance period is a 90-day trial period where the system operates in a production environment. The purpose of a pilot performance period is to ensure that the release meets the business needs of the users. At the end of a pilot, CBP decides whether to accept or reject the release.

User Acceptance Testing is a formal method of measuring user satisfaction that was conducted during part of the pilot performance period. The purpose of User Acceptance Testing was to test the ACE Secure Data Portal in a real world business environment with real users interfacing with their actual data. Based on its experience with User Acceptance Testing feedback from evaluating *Release 1*, eCP engaged a specialist in the field of system usability to develop, administer, and evaluate metrics for User Acceptance Testing in *Release 2*. CBP and eCP gathered user feedback through three different methods:

- The ACE Secure Data Portal has a function that enables users to transmit comments and problems to eCP online. Users provided feedback during the pilot performance period.

---

<sup>2</sup> CBP chose not to implement *Release 1* due to problems with infrastructure, performance, and usability.

- eCP operated the ACE help desk throughout the pilot performance period. The ACE help desk generated trouble ticket for problems, issues, and suggestions or elevated issues to appropriate parties in eCP or CBP as calls were received.
- CBP and eCP had direct contact with users during User Acceptance Testing via telephone calls, e-mails, surveys, and on-site visits. Users provided feedback on specific problems or concerns.

Comments made by the users, and considered material to eCP, resulted in a Trouble Reports, change requests, or were elevated to the appropriate party in eCP or CBP. eCP created Trouble Reports when it was determined that the comment represented the incorrect or incomplete implementation of a system requirement. Change requests were initiated for comments that represented a requirement for added system functionality. The Trouble Reports and the change requests were also used to track and address problems identified by users during the pilot performance period.

eCP provided CBP with a report summarizing the User Acceptance Testing results, Trouble Report performance measurements, and help desk performance measurements. The report also described the methods used to gather ACE user feedback.

## **Process To Monitor User Feedback**

The CBP Modernization Office was not monitoring user feedback gathered by eCP. The CBP Modernization Office is responsible for monitoring eCP's development of ACE. However, since this was the first pilot performance period with external users, the CBP Modernization Office did not have a formal tracking system to monitor the disposition of the detailed user feedback. A monitoring process is necessary to ensure that issues important to CBP are incorporated into ACE.

We recommended a formal user feedback tracking system to the Workforce Transformation Director for the CBP Modernization Office during the audit. As a result, on March 12, 2004, the Workforce Transformation Director included a process to monitor user feedback as a deliverable in Task Order 16. He provided the detailed requirements for tracking user feedback to the contractor in a Product Description Document that presented the proposed concept and content of the deliverable, titled "Process for Gathering and Disseminating Feedback." This

deliverable will be used to summarize the findings, analysis, conclusions, and recommendations of this activity.

### **Recommendation 1**

We recommend that the CBP Modernization Office Director develop and issue a formal system for tracking user feedback.

### **OIG Comment**

The actions taken by CBP during the audit satisfy the intent of our recommendation.

## **Other Matters**

Change request packages that needed impact statements did not always address all of the critical areas required. This occurred because the packages were not adequately reviewed to ensure that all information necessary to make informed decisions was included. The Configuration Management Team and Change Sponsors are responsible for including all of the required documentation in the packages. Further, change request procedures did not require including alternative solutions in the packages. As a result, this increased the risk of approving changes that may have a negative impact on the cost, schedule, and quality of the program.

During the audit, we discussed this issue with CBP Modernization Office management officials. In response to our discussion, the Director of Program Control issued a memorandum on December 17, 2003, emphasizing the importance of ensuring that impact analyses include, as a minimum, sufficient documentation on technical issues, staffing, cost, schedule, system interfaces, security, and contract issues. This memo, issued to all change request initiators, sponsors, reviewers, and configuration management personnel, also requires that any alternative solutions to the change be annotated on the change request.

## Purpose, Scope, and Methodology

The objective of this audit was to determine whether the CBP was properly managing user feedback and the change control process to ensure that user expectations for the ACE Secure Data Portal were being met. To accomplish this objective, our audit work included:

- Interviews conducted with various CBP and eCP officials at CBP Headquarters, as well as CBP and eCP facilities in Virginia.
- Review of pertinent plans and documents related to the design, development, deployment, cost, and schedule of the ACE Secure Data Portal, including but not limited to:
  - Program Plans
  - Program Management Reviews
  - Requirement Specification Set
  - Requirements Traceability Management System
  - Security Risk Assessment
  - Production and Operational Readiness Reviews
  - Release 1 and 2 Pilot Test Reports
  - Change request Process
  - User Acceptance Test Reports
  - Management Reserve Fund
  - MITRE Weekly and Monthly Reports
- Review of change request documents to evaluate documentation support and impact analysis statements.
- Attendance at a September 2003 trade support meeting held in Reston, Virginia, and at various recurring meetings held by the CBP Modernization Office, support contractors, and eCP relating to ACE development.
- Coordination of OIG audit work with the General Accountability Office.

We conducted the audit from April 2003 through November 2003 according to generally accepted government auditing standards and pursuant to the Inspector General Act of 1978, as amended.

**Recommendation 1**

We recommend that the CBP Modernization Office Director develop and issue a formal system for tracking user feedback.

Appendix C  
Overview of ACE Releases

Overview Of ACE Releases

	Release 2 Summer 2003	Release 3 Summer 2004	Release 4 Fall 2004	Release 5 Summer 2005	Release 6 Summer 2006	Release 7 Summer 2007
Security and Commercial Accounts	<ul style="list-style-type: none"> <li>• Importer Accounts</li> <li>• Action Plan</li> <li>• Significant Activity Log (SAL)</li> <li>• Quick views</li> </ul>	<ul style="list-style-type: none"> <li>• Broker/carrier Accounts</li> <li>• SAL and action plan enhancement</li> <li>• Notifications and Alerts</li> <li>• Monthly periodic statements</li> <li>• Monthly periodic payments</li> <li>• Subsidiary Ledger</li> <li>• Initial General Ledger Integration with Subsidiary Ledger</li> </ul>		<ul style="list-style-type: none"> <li>• Freight Forwarders Accounts</li> </ul>	<ul style="list-style-type: none"> <li>• Remaining import account types</li> <li>• Bond data and bond sufficiency</li> <li>• Maintain CBP licenses, permits and certificates</li> <li>• Account view of export data</li> <li>• Administrative messaging</li> <li>• Periodic statements</li> <li>• Accept payments (including EFT and lockbox)</li> <li>• Enhanced General Ledger Integration with Subsidiary Ledgers</li> <li>• Refunds for liquidation</li> <li>• CFO reports</li> <li>• Violation Billing</li> </ul>	<ul style="list-style-type: none"> <li>• Exporter Accounts</li> <li>• Regulatory audit</li> <li>• Full compliance analysis</li> <li>• Accept cash payments</li> <li>• IASS Statements</li> <li>• Miscellaneous refunds</li> <li>• Full revenue processing</li> <li>• Drawback and protest refunds</li> <li>• Full General Ledger Integration with Subsidiary Ledgers</li> </ul>
Cargo and Enforcement Processing			<ul style="list-style-type: none"> <li>• Automated Truck manifest</li> <li>• e-Release for truck</li> <li>• In-bond release</li> <li>• Enforcement and Tracer for truck</li> <li>• ATS Manifest and release manifest and release selectivity interface for truck</li> </ul>	<ul style="list-style-type: none"> <li>• Air, Rail, and Sea automated manifest interface</li> <li>• Air, Rail, and Sea e-Release</li> <li>• Enforcement and Tracer for Air, Rail, and Sea Manifest and Release</li> <li>• ATS Manifest selectivity interface for Air, Rail, and Sea</li> <li>• ACE Manifest Selectivity for Air, Rail, Sea, and Truck</li> <li>• Initial Criteria Management</li> </ul>	<ul style="list-style-type: none"> <li>• Accept all major entry types</li> <li>• Initial cargo, conveyance, individual, and equipment (CCIE) tracking</li> <li>• Enforcement and Tracer for entry summary and all entry types (except mail, courier, hand carry, and pipeline)</li> <li>• Tracer for initial cargo tracking, Quote/Visa, AD/CVD</li> <li>• Full cargo selectivity for entry and manifest</li> <li>• Entry summary selectivity</li> <li>• Enhanced Criteria Management</li> </ul>	<ul style="list-style-type: none"> <li>• Mail, Courier, Hand Carry, and Pipeline manifest, e-Release, and Tracking</li> <li>• Multi-modal manifest</li> <li>• Full COIE tracking</li> <li>• Full export processing</li> <li>• Enforcement and Tracer for Mail, Courier, Hand Carry, and Pipeline</li> <li>• Enforcement and Tracer for exports, drawback, IASS, Cargo and conveyance tracking and account compliance</li> <li>• Selectivity for mail, courier, pipeline, hand carry, and multi-modal manifest</li> <li>• Selectivity for drawback, exports, and protests</li> </ul>
Post Release Processing				<ul style="list-style-type: none"> <li>• Entry summary, Temporary Importation Bond, Vessel repair</li> <li>• Reconciliation</li> <li>• Liquidation/Close out</li> <li>• Quota, Visa, AD/CVD</li> </ul>	<ul style="list-style-type: none"> <li>• Entry summary, Temporary Importation Bond, Vessel repair</li> <li>• Reconciliation</li> <li>• Liquidation/Close out</li> <li>• Quota, Visa, AD/CVD</li> </ul>	<ul style="list-style-type: none"> <li>• Import Activity Summary Statement (IASS)</li> <li>• Protest, drawback</li> </ul>
Reference Data	<ul style="list-style-type: none"> <li>• Link to CROSS</li> <li>• Electronic HTS</li> <li>• Trade reports</li> </ul>			<ul style="list-style-type: none"> <li>• Electronic field directives</li> <li>• Tracking of Informed Compliance Publications, Policy Changes, and Handbooks</li> <li>• Online reference library</li> <li>• Manifest Reference Data</li> </ul>	<ul style="list-style-type: none"> <li>• Receive electronic ruling request</li> <li>• Tracking of Legal Notices, Congressional Responses and Agreements</li> <li>• Quota/Visa</li> <li>• Import Reference Data</li> <li>• Statistical analysis and reports</li> <li>• Non-CBP Licenses, Permits, and Certificates</li> </ul>	<ul style="list-style-type: none"> <li>• Full electronic ruling processing</li> <li>• e-Training</li> <li>• Full FOIA processing</li> <li>• Export reference data</li> <li>• Watch lists</li> </ul>
CBP	Account Managers	Entry Specialists (EST), Finance Center	Land Border Inspectors	Air, Sea, Rail Inspector (NAS, NTC)	Border Patrol, Import Specialists, EST, Attorneys, BICE Agents	Outbound Inspectors, Drawback Specialists
PGAs*			FMCSA	FCC, APHS, Army Corps of Engineers, MARAD, ITC, FDA	Census, TBD	TBD
Trade	Importers	Brokers, Carriers	Truck Operators	Air, Sea, Rail Carriers, Freight Forwarders	Couriers, Sureties, FTZ, Warehouse	Exporters, Attorneys

Steady Growth of Users

\*Note: PGAs are listed as to when their integration effort will start. Full integration of a PGA may take place over multiple releases.

Appendix D  
Major Contributors to This Report

George Tabb, Houston Field Office Director  
Gene Wendt, Audit Manager  
Carlos Berrios, Auditor in Charge  
David Porter, Auditor  
Christy Staples, Auditor  
Linda Howarton, Referencer

**Department of Homeland Security**

Deputy Secretary  
Deputy Secretary Chief of Staff  
General Counsel  
Chief Information Officer  
DHS OIG Liaison

**Customs and Border Protection**

Commissioner  
Customs and Border Protection Modernization Office Director  
Director, Evaluations and Oversight, Office of Planning Director

**Office of Management and Budget**

Homeland Bureau Chief  
DHS OIG Budget Examiner

**Congress**

Congressional Oversight and Appropriation Committees, as appropriate





### **Additional Information and Copies**

To obtain additional copies of this report, call the Office of Inspector General (OIG) at (202) 254-4100, fax your request to (202) 254-4285, or visit the OIG web site at [www.dhs.gov](http://www.dhs.gov).

### **OIG Hotline**

To report alleged fraud, waste, abuse or mismanagement, or any other kind of criminal or noncriminal misconduct relative to department programs or operations, call the OIG Hotline at 1-800-323-8603; write to Department of Homeland, Washington, DC 20528, Attn: Office of Inspector General, Investigations Division – Hotline. The OIG seeks to protect the identity of each writer and caller.