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U.S. Department of Justice

Office of the Inspector General

March 23, 2009

Subject: Freedom of Information/Privacy Act Request (FOIA) [06-OIG-107]

I am writing in response to your letter dated March 15, 2009 to Counselor Cynthia Schnedar requesting the status of your March 4, 2006 request seeking audit reports produced by the Office of the Inspector General.

Enclosed please find two audit reports responsive to your request. With regard to OIG Reports titled "The Effect of the United States Marshals Service Reorganization Plan on Seized Assets Management," after consulting with the United States Marshals Service (USMS), it has been determined that this report is appropriate for release without excision.

With regards to the OIG Report titled "Independent Evaluation Pursuant to the Federal Information Security Management Act Fiscal Year 2003: The United States Marshals Service's Warrant Information Network and Marshals Network," after consulting with the USMS, it has been determined that portions of this report are exempt from FOIA release pursuant to 5 U.S.C. §552(b)(2) and (6).

With regard to the remaining requested audit reports, the OIG is continuing to consult with other components regarding the releasability of the reports. We will inform you when we reach a final determination regarding those reports.

If you are dissatisfied with my action on this request, you may appeal from this action by writing to the Director, Office of Information Policy, U.S. Department of Justice, 1425 New York Avenue, Suite 11050, Washington, D.C. 20530, within 60 days of the date of this letter. Both the letter and the envelope should be clearly marked "Freedom of Information Act Appeal." In the event you are dissatisfied with the results of any such appeal, judicial review will thereafter be available to you in the United States District Court for the judicial district in which you reside or have your principal place of business, or in the District of Columbia, which is also where the records you seek are located.

Sincerely,

A handwritten signature in black ink that reads "Deborah Marie Waller". The signature is written in a cursive style with a large, looping initial "D".

Deborah Marie Waller

FOI/PA Specialist

Office of the General Counsel

**U.S. DEPARTMENT OF JUSTICE
OFFICE OF THE INSPECTOR GENERAL
AUDIT DIVISION**

**Special
Review**

**Effect of the
United States Marshals Service
Reorganization Plan on
Seized Assets Management**

SPECIAL REVIEW

EFFECT OF THE UNITED STATES MARSHALS SERVICE REORGANIZATION PLAN ON SEIZED ASSETS MANAGEMENT

The Deputy Attorney General requested that we assess the United States Marshals Service (USMS) reorganization plan to determine its potential effect on the vulnerability of the seized assets program to fraud, waste, and mismanagement.

Summary of Review Results

The USMS reorganization effort began in March 1994 and has progressed through development of an overall plan, redesign of the organization, and planned reassignment of most functions. Still in progress are review and improvement of existing business processes, development of performance standards, and identification of the number and types of positions required for the new organization. Final assessment of the new organization is dependent upon completion of these key steps.

Potential benefits of the reorganization include: streamlined management, empowered employees, simplified work processes, measurable performance plans, and improved customer service. (See Appendix I.)¹ Despite these positive aspects, the reorganization could result in insufficient staff levels and a loss of program expertise, thereby reducing oversight of the seized assets program. In our judgment, these deficiencies, at a minimum, need to be squarely faced before the USMS fully implements its plan.

Overview of USMS Reorganization Effort

The asset seizure and forfeiture program has been a high risk area since 1986 and a material weakness in the Department of Justice since 1989. The program continues to be the subject of numerous critical internal inspections performed by the USMS, as well as reviews by the Office of the Inspector General (OIG) and General Accounting Office (GAO). These reviews have identified systemic, recurrent weaknesses in contract management, assets maintenance and disposal, inventory tracking, financial controls, and oversight. (See Appendix II.)

¹ Appendix I is the executive overview from the August 31, 1994, draft "United States Marshals Service Reinvention Proposal." USMS officials told us the proposal marked "DRAFT" was considered to be the final proposal.

USMS management views the current organizational structure as haphazardly developed, overly complicated, overburdened with redundant functions, and encumbered with too many layers, rules, and reporting requirements. The reorganization effort began in March 1994 when the USMS Director hired a management consultant to review the existing organizational structure and make recommendations for "reinventing" the Marshals Service. The Director placed major emphasis on identifying and developing modern business practices so district offices could be served more efficiently by headquarters.

The reinvention study was based, in large part, on principles established in the Government Performance and Results Act and the National Performance Review. The study proposed streamlining management by reducing the number of organizational layers, reducing the number of employees in headquarters, increasing the supervisor-to-staff ratio, establishing performance plans and standards, and empowering employees. USMS headquarters components would be reduced from 25 to 11 in an effort to consolidate related activities. For example, the Seized Assets, Procurement, Administrative Services, and Finance Divisions would be consolidated into one Business Services Division. Management levels would also be reduced from eight to four by eliminating Associate Directors, Division Chiefs, Branch Chiefs, and Section Chiefs. The four management levels remaining would be the Director, Deputy Director, Assistant Directors, and Team Leaders.

The USMS Director formally submitted the reorganization plan to the Assistant Attorney General for Administration on January 25, 1995, and the Attorney General approved the plan on March 17, 1995. After the Office of Management and Budget (OMB) reviewed and approved the plan, the Department sent it to Congress on July 18, 1995. As of August 7, 1995, Congress had not formally responded.

Reorganization of Seized Assets Management

The reorganization plan includes features directly affecting the management of seized assets. The plan calls for:

- (1) eliminating the Seized Assets Division (SAD) as a single and separate identifiable unit,
- (2) incorporating primary SAD duties into the new Business Services Division,
- (3) transferring SAD operational/contract review responsibility to the new Management and Budget Division,

- (4) transferring all seized assets training responsibilities to the Training Academy, and
- (5) abolishing the SAD's three regional offices located in Atlanta, Houston, and Seattle.

The USMS' reinvention activities included defining the business processes for which each of the new divisions would be responsible. Division Reinvention Teams were formed to identify the functions, business processes, and performance standards of the current divisions and assign these functions, processes, and standards to individual units within the proposed divisions. Process Improvement Teams were established, when necessary, to review and improve existing business processes. The reinvention teams are still in the process of defining the numbers and types of positions that will carry out headquarters-level functions. The teams plan to complete their work by October 1, 1995, at which time USMS management plans to "throw the switch" to fully implement the reorganization plan. The status of the reinvention teams' work, as it relates to the management of seized assets, is discussed in Appendix III.

Potential Benefits of the Reorganization Plan

The proposed reorganization represents a substantial effort by the USMS to meet the goals of the Government Performance and Results Act and the National Performance Review. Consolidating procurement and seized assets management functions under the new Business Services Division should result in improved communications among personnel responsible for managing contracts for the maintenance and disposal of seized and forfeited assets, a major aspect of seized assets operations.

The plan embraces the principles and concepts of streamlining, reducing management layers, empowering employees, and establishing measurable performance standards. For example, one of the new performance measures is staff's ability to dispose of real property within 12 months after receiving the final forfeiture order. The "United States Marshals Service Reinvention Proposal," dated August 31, 1994, provides a complete discussion of benefits the USMS hopes to achieve through the reorganization. (See Appendix I.)

Potential Problems Associated with the Reorganization

Despite the potential benefits, in our judgment, the reorganization will likely result in insufficient staff levels and loss of program expertise in relation to seized

assets management, thereby reducing program oversight. Because this is a high risk, high dollar program with a history of material weaknesses, we are concerned that reduced staffing and expertise will adversely affect program management. To a lesser degree, we are also concerned about: (1) the accuracy of the USMS' FY 1994 Year-End Management Control Report to the Attorney General, (2) the methodology of the reinvention study, and (3) the loss of visibility and identity of the seized assets program. A detailed discussion of our concerns begins on page five.

I. STAFFING LEVELS

The USMS reorganization is occurring in a time of decreasing staff levels. According to USMS budget data, the staffing levels supporting the management of seized assets peaked in FY 1993. Since FY 1993, the staffing levels have declined. The table below illustrates the decline in staffing.

(A) FY	(B) WORK-YEARS BUDGETED	(C) WORK-YEARS REPORTED TO CONGRESS	(D) WORK-YEARS REPORTED BY DISTRICTS AND SAD	(E) DIFFERENCE ² (C-D)
93	425	425	356	69 (16%)
94	367	367	278	89 (24%)
95	379	290 ³	230	60 (21%)
96	404 ⁴	---	---	---

Work-years reported to Congress for FY 1995 were 21 percent less than those reported for FY 1994 and 32 percent less than those reported for FY 1993. The FY 1995 work-years reported to Congress were also 23 percent less than those budgeted for the year. To accomplish this budgetary reduction, the USMS submitted a reprogramming request to the Justice Management Division (JMD) on August 1, 1995. The reprogramming, if approved, will shift 89 work-years of effort from the

² According to a USMS Budget Division official, the difference between the work-years reported to Congress and the work-years reported by the districts and SAD is the seized assets prorated time of the management and overhead staff. Documentation was not available to show the specific time charged by management and overhead staff to the seized assets program. Accordingly, we have no basis for knowing whether the data in Column E actually reflects the management and administration time for seized assets management.

³ A reprogramming request was submitted by the USMS to the Justice Management Division on August 1, 1995, to reduce the budgeted work-years for FY 1995 to an estimated actual of 290. Of the 290 work-years, the USMS estimates that 230 will be for district and SAD staff time and the remaining 60 will be management and overhead staff time. Appendix IV is a chronology of events for the reprogramming as it relates to the reorganization.

⁴ The FY 1996 budget has not been approved by Congress. A senior USMS official told us a reprogramming request for FY 1996, comparable to the FY 1995 request, would be submitted after the FY 1996 budget is approved.

Seized Assets Management decision unit to the Protection of the Judicial Process, Fugitive Apprehension, and National Prisoner Transportation decision units. USMS officials told us fewer staff were needed to manage seized assets because the number of assets received and the number of assets in inventory have declined. Since FY 1993, the number of assets received has decreased by about 22 percent and the number of assets in inventory has decreased by about 34 percent.

In our view, a direct correlation does not necessarily exist between a reduction in assets received or assets on-hand and the required staffing level because the number of seized assets management contracts should not decline significantly. In fact, because of recommendations in a recent OIG audit and USMS contract management review (CMR), more contracts should result by separating the appraisal function from property management contracts. Instead of a district having one contractor maintain, appraise, and sell properties, one contractor will maintain and sell properties and another contractor will appraise the properties. To prevent contractor improprieties, separate contracts are needed to segregate the functions of appraising and selling properties. Since more contracts will be awarded, more contract oversight will be needed.

Moreover, seized assets management has been designated as a high risk area since 1986 and since then, serious deficiencies in the management of seized assets have been repeatedly identified by GAO audits, OIG audits, USMS program reviews, USMS CMRs, and USMS management. (See Appendix II and GENERAL CONCERNS at page 12.) In our judgment, declining staff levels likely contributed to the serious management weaknesses identified in prior reviews and audits. Thus, the USMS' 21 percent reduction of FY 1995 work-years reported to Congress and the possibility of another reduction in FY 1996 cause us significant concern.

The USMS consultant told us that a reprogramming, comparable to the FY 1995 reprogramming request, would be requested for FY 1996. He stated the FY 1996 reprogramming would be based on the Division Reinvention Teams' determination of staffing needs for the new organization structure. He added the reprogramming would not be requested until after Congress acts on the FY 1996 budget. To determine if sufficient staff will be devoted to seized assets management after the reorganization, we interviewed members of the Business Services Division reinvention team and obtained documentation of the status of its work. The team was assigned the task of determining: (1) the functions, business processes, and performance standards for the new organization; and (2) the types and numbers of positions needed to successfully accomplish the functions and business processes identified. By the end of our review, the team had determined the functions, business processes, and most performance standards for the new division.

However, as of July 21, 1995, the team had not determined the types and number of positions needed to carry out the new division's responsibilities. (See Appendix III.)

We are very concerned that 10 weeks prior to the planned implementation of the reorganization, the staffing needs for the new organization had not been determined. Based on tentative information received from various USMS officials, we are also concerned that sufficient staff will not be assigned to carry out the seized assets management responsibilities. A reinvention team member told us on August 8, 1995, that only about 5 to 7 SAD positions would be in the new Business Services Division. We were also told by a senior USMS official that 12 SAD positions would be reassigned to the new Management and Budget Division to perform program reviews, CMRs, special reviews, and provide administrative support. If these tentative staffing numbers hold true, only about 17 to 19 of the existing 41 occupied positions in the SAD as of July 18, 1995, will be retained. We asked the team member if five to seven people could effectively carry out the seized assets responsibilities of the new division. He emphatically responded no. We also asked the Chief of the current Program Review Division if the 12 new positions would be adequate to conduct the program reviews and CMRs. He responded that the added staff would be sufficient to conduct annual program reviews in the top 10-20 USMS districts, but not to conduct the CMRs. He said a decision on who would perform the CMRs had not been made.

Until the USMS identifies the types and number of positions needed to carry out its responsibilities for managing seized assets, no assurance can be provided that sufficient staff will be available to protect seized assets adequately from fraud, waste, or mismanagement.

II. LOSS OF PROGRAM EXPERTISE

From what we have learned to date, we are convinced the USMS' reorganization plan will result in a substantial reduction in staff with seized assets experience and have an adverse effect on the "esprit de corps." In fact, it already has. A significant number of experienced personnel have left the program since the reorganization was announced. For example, one regional manager sought and accepted a position as Chief Deputy in a small Southern district. Two members of his staff accepted non-seized assets related jobs in other districts. One staff member is on detail to the local district office and is performing non-seized assets work. A regional staff person in Houston accepted a non-seized assets position in a Southwestern district. The Chief of the SAD accepted a Chief Deputy position in a Western district.

The displaced staff represent a significant number of years of seized assets experience. For example, the Division Chief spent five years in the program after it was created in 1984. He returned as Division Chief in 1992. The regional manager had been with the program since its inception. He also served as Training Coordinator for the SAD for a number of years. As such, he coordinated and conducted seized assets management training for USMS personnel, as well as state and local training programs. Further, one regional staff member was the regional manager in Miami until it was abolished under a prior USMS reorganization. Another staff member (a property management specialist) has worked in the seized assets area since 1984 and has extensive contract management experience.

The loss of regional staff and their expertise will have a direct effect on program oversight, training, and headquarters' responsiveness to district questions.

- Regional staff perform CMRs at USMS district offices. The CMR reports we examined for FY 1994 and 1995 reflect regional staffs' in-depth understanding of seized assets problems at the district level. The reports included substantial findings and appropriate recommendations. As noted previously, USMS management had not determined who will perform CMRs after the reorganization. Without sufficient expertise, the quality and value of CMRs may be reduced.
- The regional office managers in Seattle and Houston serve as instructors on seized assets management at the Federal Law Enforcement Training Center. One regional office manager speaks frequently about seized assets management to staff of federal, state, and local law enforcement agencies. He also attends Law Enforcement Coordinating Committee

meetings where he presents seized assets training. The expertise of these staff members will be lost if they are not retained in seized assets management positions.

- In addition to ongoing technical assistance, regional expertise needed for the transition to the Consolidated Asset Tracking System (CATS)⁵ could disappear. Currently, the Seattle regional office houses a CATS training center used for teaching USMS staff and staff from other components on how to use the new system. Three of the five CATS instructors are from the Seattle regional office. One staff member each from the Atlanta and Houston regional offices occasionally assist in CATS training. In addition, regional staff design training programs, test the CATS system, and conduct follow up on-site visits. We were told 500 people Department-wide still need CATS training, and the effort will require approximately 35 more training sessions.
- The principal role of the regional offices is to provide assistance to the districts in carrying out their seized assets management activities. Regional staff provide technical advice, guidance, and assistance to district staff relative to the seizure, appraisal, management, and disposal of seized and forfeited property. They also provide guidance on federal and state forfeiture laws and regulations governing asset seizures.⁶ In our view, reduced staff levels and loss of program expertise will adversely affect headquarters' ability to respond in a timely manner to district inquiries after regional offices are abolished.

The Criminal Division's Asset Forfeiture Office (AFO), and the headquarters staff of the Federal Bureau of Investigation (FBI) and Immigration and Naturalization Service (INS) expressed concerns about the USMS' ability to respond to questions related to seized assets after the reorganization. Concerns included: a central point of contact will not exist; coordination of managing assets seized in large, multi-district cases may be hindered; and uniform application of seized assets policy may not be assured. Some of the staff believe districts may operate autonomously without contacting headquarters for advice, possibly resulting in illegal acts, bad press, and poor coordination with United States Attorneys' Offices. On the other hand,

⁵ CATS, a central Departmental automated system designed to improve seized assets management, has not been fully implemented.

⁶ According to Seattle regional staff, they received 661 telephone inquiries during the period June 7, 1995 through June 30, 1995. In our view, this volume of inquiries demonstrates that headquarters staff may be unable to respond in a timely way to district questions after regional offices are abolished.

headquarters staff of the Drug Enforcement Administration (DEA) stated the reorganization will not affect their current relations with the USMS or their ability to coordinate seized asset projects.

We asked the consultant to comment on the perceptions of the USMS and other agencies' staff. He said the assumption that districts cannot function properly without the current expertise from headquarters or regional staff is completely erroneous. The manager of the new Business Services Division told us that people use this argument in order to keep staff and indicated that qualified staff can be replaced with better staff. The manager went on to say regional offices will be phased out gradually, over an 18-month period. In his opinion, the transition period will avoid the effect an abrupt elimination of regional offices would have on the level of expertise. According to staff in one region, he also said: (1) management would try to find them a job in a district, but not necessarily the one in the regional office city; (2) regional staff could transfer to USMS headquarters; or (3) regional staff would be separated from employment. The majority of regional staff interviewed told us they would not be able to relocate.

Regarding the lack of a central point of contact, the manager of the new Business Services Division said this should not be a problem. Currently, staff are unsure of who will be in charge, but once positions are filled, the names will be communicated quickly within the USMS and other components. The manager acknowledged even the USMS is "in the dark right now," and will be until the reinvention teams are through defining the numbers and location of positions.

Further, the seized assets staff's morale has fallen since the reorganization announcement. This is based, in part, on management's having originally informed regional staff that they would simply be reassigned to their local District Marshal.⁷ In October 1994, a management memorandum stated that regional personnel were being considered for other vacancies in their respective cities. The memorandum went on to state that Houston and Atlanta staff could all be relocated. Houston and Atlanta staff we interviewed contradicted this statement. Considering management's discussions with regional staff in Atlanta in August 1995, it appears management reversed its original position, in which staff were assured they would be placed under the local district office.

⁷ August 31, 1994 memorandum to all USMS employees from the USMS' Chief Policy and Communications Officer.

III. LOSS OF PROGRAM OVERSIGHT

The reduction in staff allocations for seized assets management, combined with the loss of program expertise, will result in reduced program oversight. FBI, AFO, JMD, and USMS staff, as well as Certified Public Accountants contracted by the Department to review seized assets, expressed concerns about program oversight in relation to the reorganization. Concerns included: guidance to districts will be insufficient, districts will be inadequately supervised, control over District Marshals will be lessened, and program reviews will not be in-depth. Also, as noted previously, the responsibility for performing CMRs has not been determined.

We asked USMS management to comment on these concerns. They told us the USMS plans to: (1) implement uniform performance standards for districts, (2) improve measurement of performance against standards, (3) consider providing awards for good performance regarding the management of seized assets, (4) implement a Total Quality Management program, (5) develop a curriculum for seized assets training based on an analysis of problems at the "top 20 districts," and (6) conduct program reviews annually in the "top 20 districts."

Despite the actions planned by USMS management, in our judgment the seized assets program will receive insufficient oversight because of reductions in staff and loss of program expertise. We agree with the emphasis placed on establishing uniform standards and improving measurement against the standards. However, in order to ensure that standards are met, sufficient numbers of knowledgeable staff are needed to monitor the program.

IV. GENERAL CONCERNS

Management Control Reporting

The OMB has considered the seized assets program a high risk area for the past nine years. The USMS' FY 1994 Year-End Management Control Report to the Attorney General stated that the USMS' management control and financial systems, taken as a whole, provided reasonable assurance that the objectives of Section 2 of the Federal Managers' Financial Integrity Act (Act) have been achieved. Specifically, the USMS reported: (1) seized assets management was a high risk area; (2) many initiatives had been implemented to avoid or prevent fraud, waste, misuse, or abuse of the seized assets; and (3) resolution of the high risk issue had been extended to FY 1995 because of delays in implementing CATS.

Agency heads must make a judgment, based on all available information, that management controls are operating as intended by the Act. While we agree the agency head has wide management latitude in this respect, in our judgment the USMS did not disclose the actual state of seized assets management within the USMS. In a September 15, 1994 memorandum to the Director, the Chief of the SAD provided his input to the FY 1994 Year-End Management Control Report. He stated that "I cannot give you reasonable assurance that:

- the Seized Assets Program is efficiently and effectively carried out by each district in accordance with existing policies; or that
- assets currently in the custody of the U.S. Marshals Service are safeguarded against waste, loss, unauthorized use, etc."

The Chief went on to say that serious assets management problems were discovered by the SAD in several major districts during the last quarter of the fiscal year. The serious problems were found in the areas of program oversight, property management and disposal, contract oversight, records management, management of the Seized Assets Management System, procurement and use of computer equipment, and management of Dyncorp contract employees. In some instances, according to the Chief, the problems involved potentially criminal activity.

In a memorandum to all Marshals, dated November 22, 1994, the Director acknowledged that serious problems had been discovered in several major districts. His description of the problems agreed with those outlined in the Chief's September memorandum.

Despite the Chief's negative report on the state of seized assets management, the USMS did not disclose any of these serious concerns in its subsequent report to the Attorney General. When we asked a USMS manager why the USMS did not report the seriousness of problems identified in seized assets management, he said that since the USMS' management control report identified seized assets as a high risk area, it implied the seriousness of the deficiencies raised in the Chief's memorandum. We disagree. According to OMB Circular A-123 Revised, a risk assessment identifies a program's susceptibility to waste, loss, unauthorized use, or misappropriation. The assessment, by itself, does not necessarily identify weaknesses in the program; but rather, it determines the relative potential for loss in the program. We believe the Chief's memorandum indicates material weaknesses in the seized assets program. A material weakness is a specific instance of non-compliance with the Act and includes weaknesses that: (1) significantly impair the fulfillment of an agency's mission; (2) deprives the public of needed services; (3) violates statutory or regulatory requirements; (4) significantly weakens safeguards against waste, loss, unauthorized use or misappropriation of funds, property, or other assets; or (5) results in a conflict of interest.

The USMS did not report seized assets management as a material weakness, but the Attorney General's report to the President continued to identify the program as a Departmental high risk area and material weakness. The Department continued reporting the program as a material weakness based on problems found in other Departmental components and not in the USMS.

Methodology of the Reinvention Study

In order to fully understand the basis for conclusions reached by USMS management, we reviewed the methodology used in the reinvention study. The approach described in the USMS' August 31, 1994 report consisted of six critical steps: (1) establishing a framework for change, (2) involving everyone in the change process, (3) performing a comprehensive structural and functional review, (4) performing management interviews, (5) establishing goals for the new organization, and (6) developing the new organization configuration. Our observations and discussions with USMS staff and staff from other components indicated that these steps were not all performed as described, resulting in potentially adverse effects on the seized assets program.

- Input From Interested USMS Staff and Other Sources: Although the study was designed to permit input from any interested USMS staff, many of the USMS staff we interviewed said their input was not considered. They also complained of first learning details of the plan

when it was released in August 1994. Seized assets staff from the FBI, DEA, JMD, and INS also indicated they were not consulted during the study. According to the consultant, it was by design that the draft reorganization plan was not released, except to JMD, until August 31, 1994. He pointed out that the plan was not approved until the following March and, in the meantime, there were numerous meetings held with other components, and many written comments were received for consideration. The consultant also noted that an April 1994 USMS newsletter announced his arrival, the fact that the USMS organization was undergoing a review, and that input was welcome. We were told the consultant also visited several district offices but did not visit regional offices.

- Consideration of Alternate Proposals: Since the release of the plan, SAD staff developed their own draft proposal to restructure the seized assets program. They proposed establishing 18 satellite offices staffed by individuals dedicated to seized assets management. Seized assets staff would be removed from the districts and placed in separate units solely devoted to managing seized assets. In the staff's opinion, this type of restructuring would prevent District Marshals from using seized assets staff for other functions. In addition, overall staffing needs would be significantly reduced because staff would be concentrated in geographic areas having the largest seized assets workload.

Members of the reinvention team for the new Business Services Division also presented an alternate reorganization plan. The plan proposed retaining a functional alignment for finance, procurement, and seized assets management within the Business Services Division, rather than the geographic, multipurpose team approach prescribed by the consultant. The consultant responded that the team's proposal was flawed in that it did not accept the "team" approach or the integration of disciplines within the new division. He indicated that the real reason staff wanted to retain the functional alignment was that they were simply resistant to change.

Members of the reinvention team also indicated that their work to define the necessary business processes of the division should have preceded the final decision on the structural configuration. We asked the consultant to comment. He stated the process was not performed in the wrong sequence, and that it was appropriate to define the structure and then assign the functions to be performed within that structure.

- Research of Prior Deficiencies: When we asked how prior program deficiencies were considered in developing the reorganization plan, the consultant informed us that he recalled discussing USMS internal reviews with the staff of the Program Review Division, and reading several GAO reports, but did not recall reviewing any USMS CMRs or OIG reports. The consultant later called to say he had copies of GAO reports from 1987 to 1992, a JMD report from 1992, and the OIG audit of USMS contracted services. No special trends analysis was performed.

In our judgment, the USMS' analysis of deficiencies noted in past reviews was incomplete. It did not include sufficient coverage of USMS internal reviews or findings disclosed in several OIG audits.

Visibility and Identity of the Seized Assets Program

The elimination of the SAD as an independent operational unit and the closure of the three seized assets regional offices reduces program visibility and gives the appearance of a lack of management support for the program. Managers within the USMS and other Department components told us that they were concerned that the proposed organizational changes, combined with a reduction in staff for seized assets, will result in less visibility of the program and reduced service from the USMS. USMS management told us the majority of complaints about the proposed reorganization relate to the closure of the regional offices. We were also told:

- district offices were already performing all the seized assets work;
- the reorganization will not change how the districts seize, manage, and dispose of assets; and
- seized assets management consists of selling real estate and having garage sales.

During the course of our review, several employees (USMS and non-USMS) told us seized assets resources were often diverted by District Marshals for other purposes. This diversion is confirmed in that the USMS requested 89 SAD positions be reprogrammed for court security, prisoner transportation, and fugitive apprehension. We understand the intractable demands placed on the USMS in regard to its primary law enforcement duties; however, the seized assets program is placed at an even higher risk when its staff are diverted for other uses. The seized assets program is one of many competing priorities for district operations. In our judgment,

the significant diversion of staff reflects the low priority placed on the program. Reduced visibility and the lack of a distinct identity for the seized assets program could further affect the priority District Marshals give to the program.

V. CONCLUSION

The USMS has made a substantial effort to reorganize itself at the headquarters level in order to provide better service. The structural redesign of the organization has been completed and plans have been made for reassigning most of the functions related to seized assets management. As of the completion of our review, reinvention and process improvement teams were still reviewing and improving business processes, developing performance standards, and identifying the staffing levels needed to perform specific tasks.

Our concerns about implementing the reorganization plan center principally on several issues. First, specific staffing levels under the reorganization have not been determined. Based on tentative information received from various USMS officials, we believe insufficient staff will be assigned to carry out the seized assets management responsibilities. Under the reorganization plan, approximately one-half the current SAD staff could be devoted to seized assets management. Considering the extent of seized assets problems faced by the USMS in recent years, in our judgment this level of reduction is inappropriate. Second, program expertise within the current SAD and regional offices may be lost. Third, program oversight could be insufficient to ensure that the program is managed effectively.

The reinvention plan does not sufficiently address the significant issues raised above, nor does it retain the visibility and identity of the program. These issues should be resolved before the reorganization is implemented.

U.S. Department of Justice
United States Marshals Service

DRAFT

REPORT

UNITED STATES MARSHALS SERVICE

REINVENTION PROPOSAL

AUGUST 31, 1994

DRAFT



EXECUTIVE OVERVIEW

This reinvention proposal contemplates a reorganization of the headquarters components in the U.S. Marshals Service which will lead to improved mission performance at the district office level. In developing this proposal, these ten principles were followed:

1. Focus on customer service;
2. Employee empowerment;
3. Performance plans/measures to provide accountability in utilization of resources;
4. A team approach for problem solving;
5. Reliance on the use of information technology;
6. Continuing education of employees;
7. Shift headquarters focus from controlling to planning, guiding, and supporting;
8. Move from a specialist to a generalist mentality;
9. Introduce process improvement and re-engineering; and,
10. Reduction of the number of agency policies, rules, and regulations.

The common theme of the plan is to place responsibility for the delivery of service at the customer contact level. Headquarters support teams will be developed to aid our contact level employees in achieving their customer service objectives.

The Government Performance and Results Act (GPRA) and the National Performance Review (NPR) provided the framework for the development of the reinvention plan. GPRA focuses on the use of a strategic planning process, the allocation of resources to meet agency objectives, and annual performance reviews to measure accomplishments.

- The four main themes of the NPR - cutting red tape, putting customers first, empowering employees, and cutting back to basics - call for a new way of conducting business at all levels of the organization.
- The concept of teaming skilled employees to accomplish a task or provide a service is the heart of the new structure. Teams are created to serve customers and are evaluated on the basis of their success in meeting team performance objectives.
- The plan stresses the reduction in business processing steps and layers of management.

The Federal Managers Financial Integrity Act (FMFIA) provides the basis for the monitoring and continuous improvement of the organization. The plan retains and enhances strong program oversight and improves auditing functions. Managers set both customer and

performance standards which are reported and monitored through a revised A-123 management controls program designed to focus the use of resources to ensure maximum productivity.

A strong commitment is made to the recruitment, education, and nurturing of employees. Lastly, the new organization is managed through information systems that provide timely financial, program, and performance indicators over an all encompassing information highway.

This reinvention effort has been a collaborative effort with input from all levels within the organization and from external customers. Many individuals provided their input as did the Strategic Planning Council, the Chiefs' Advisory Committee, and the Supervisory Staff at headquarters. Their interest, efforts, and contributions are commended.

I. BACKGROUND AND JUSTIFICATION FOR THE REORGANIZATION

The core missions of the Marshals Service involve investigative services, protective services for courts and witnesses, and the production, care, and transportation of prisoners. The Service is also authorized to perform special missions as directed by the Attorney General, (e.g., protect abortion clinics, assist with alien entry control, provide security during national disasters, and enforce national injunctions). While the Service has performed all of its core and ancillary missions, improvement in the cost-effective delivery of these services dictates a change in its headquarters structure. Before describing the type of change necessary, it is important to provide an understanding of the Service within a historical context, which provides the backdrop for the study.

The Office of the U.S. Marshal was created in 1789. Marshals of the states and territories were appointed by the President and confirmed by the Senate. They operated virtually independent from the control of Washington until an executive office was established at the Department of Justice in 1956. This office provided a degree of coordination between the Marshals and brought a level of oversight by the Attorney General. In 1969, the headquarters for the U.S. Marshals Service was created. This office began central budgeting and provided control over the selection of deputy personnel in the district offices.

Between 1969 and 1986, the U.S. Marshals Service headquarters lead the development of national programs in judicial security, witness protection, prisoner housing and transportation, asset seizure and forfeiture, and internal audit and inspections. Headquarters set policies, controlled resource allocation, and coordinated multi-district operations but had little input into the selection of the Marshals, many of whom lacked the qualifications of professional law enforcement officers.

Disagreements between Marshals and headquarters often put career deputies and staff in conflicting situations. The Marshals controlled day-to-day assignments while headquarters controlled the deputies' career advancement and duty stations. The traditional independence of the Marshals clashed with the growing central control of headquarters. Headquarters began bypassing the Marshals by establishing program units in the field to oversee witness security, fugitive investigations, asset forfeiture programs, and high level judicial protection activities.

By 1990, most of the program decisions made in the Marshals Service were made by, or approved by, the national headquarters. The day-to-day routine of production of prisoners in court, support of local court activities and lower level fugitive investigations remained under the control of the Marshals. Resentment among the career deputies over the lack of authority they possessed over their resources and operations was growing in the district offices. Additionally, they felt burdened by unnecessary layers of control that were imposed by a headquarters staff with little appreciation for what they did.

District office deputies became generalists able to participate in and perform multiple missions, while headquarters developed specialists in each program area. This specialization was initially necessary to allow the headquarters to compete with other federal law enforcement agencies. Rapid growth and a haphazard organizational structure, created in response to the multiplying programs and responsibilities, resulted in organizational units with myopic views of the U.S. Marshals Service focused on areas of assignment.

The headquarters organization began to reflect its haphazard development based upon the work activities and missions it developed. Further complications resulted from the headquarters tendency to:

- create new organizational units for new program initiatives or in response to audit or control requirements, rather than trying to meld them into the current organization;
- create new positions and sections, branches, or divisions to accommodate individual employees; and,
- reassign employees who were perceived to present a difficult or unmanageable disciplinary situation.

In any case, it mattered less where the function resided than that the organization carried out the function. Although this approach satisfied the needs of the moment, it has created significant problems over time. Layers of management were established that served as communication links up and down the organization. These layers slowed decision making, slanted and filtered information, and contributed to the micro-management of district operations.

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At present, the problems associated with the headquarters organizational structure is a product of its past. The structure that currently exists can be summarized as over-burdened with the following:

- an overly complicated structure with illogical and idiosyncratic division of program responsibility between directorates, divisions, and branches;
- excessive internal business rules that create work for headquarters staff performing oversight functions;
- excessive reliance on chain of command for transmittal of information;
- excessive layers of supervision;
- inequity of job classification and responsibility;
- redundancy of functions and reporting requirements fostering inefficiencies in operations and less effective employee performance; and,
- an increase in program costs due to the requirement for more personnel, offices, and facilities to carry out redundant functions.

Two recent reorganizations reshuffled personnel, created additional layers of control and review, and renamed some functions. Staff expectations for significant change to improve the Service went unfulfilled. These expectations still remained high.

The quality of both U.S. Marshal appointees and career deputies - bolstered by the NPR initiative to professionalize the position of U.S. Marshal - provides assurance that the plan can succeed. The time is right for a comprehensive reorganization that looks at the way the missions of the U.S. Marshals Service are achieved and how they are performed.

II. STUDY APPROACH

The effort to plan a reorganization to improve the U.S. Marshals Service began shortly after the arrival of the new Director. The Director, maintaining an "open door" policy, gave employees from all levels open access to discuss organizational problems and concerns. The call for fundamental organizational change came from within the organization. This call was reinforced by impressions previously gleaned from Department of Justice Management Division and Departmental leadership.

The reorganization effort was launched March 1994. An external consultant experienced in reorganizing complex government organizations was brought in to lead the project. The following critical steps were followed:

1. Establish a Framework for Change

Initial guidance was provided by the Director on the scope and direction of the reorganization. This guidance included strong beliefs in the following principles:

- a. A strategic planning system should set specific objectives, assign responsibilities, define outcomes sought, set timelines for completion, and measure performance and accomplishments as defined in the GPRA.
- b. The allocation of resources should flow from the planning process.
- c. People want to perform better; micro-management hinders performance.
- d. All employees should be encouraged to participate in the improvement of the agency and able to communicate their ideas and suggestions without fear.
- e. More responsibility for program execution should be delegated to the district Marshals along with additional resources, transferred from the headquarters, to accommodate the increased workload.
- f. The focus of attention at headquarters should shift from control to supporting the needs of the district offices where the mission oriented work of the U.S. Marshals Service is performed.
- g. NPR initiatives should be used to streamline business rules and practices, reduce unnecessary layers of management, and empower employees.

2. Involve Everyone in the Change Process

Employees were invited to participate in the submission of ideas and thoughts regarding the reorganization. A comprehensive survey was sent to all districts and the results were tabulated and made known to all managers in the organization. A Strategic Planning Council of respected district office and headquarters staff was assembled to draft the first Strategic Plan for the U.S. Marshals Service. The broad based goals and specific objectives of this plan identified problems facing the agency.

Employee suggestions were received through a variety of methods (through open forums, memos, e-mail, telephone, etc.). Chief Deputies participated in a one week seminar

to formulate ways to improve the agency in which they submitted a comprehensive list of recommendations. Headquarters supervisors also participated in a seminar to formulate their ideas for removing barriers that impeded the effectiveness of the U.S. Marshals Service.

3. Perform a Comprehensive Structural and Functional Review

Headquarters divisions and staff offices were requested to submit the following documents:

- organizational charts and statements of mission, function, and staff size;
- position-by-position analysis of employee duties, grade/salary, position description, personnel classification, and reporting relationship;
- identification of performance plans and measures, including long-term, current year, and tactical plans;
- description of business practices, including the flow diagrams of business processes;
- identification of issues and problems to be resolved; and,
- identification of program improvements that could be realized through reorganization.

4. Perform Management Interviews

Each Division Chief then participated in a minimum of two in-depth interviews addressing the above subject areas. All descriptive information on the organizational unit, and suggestions for organizational improvement were documented.

All information was corroborated by the appropriate review staffs: the Policy Review Staff assisted in the verification of mission and function statements; the Management and Planning Division assisted with the documentation and updating of the Performance Plans; and the Employment and Compensation Division determined the validity of existing position data in order to verify the accuracy of authorized position counts being reported.

5. Establish Goals for Designing the New Organization

The next phase of the reorganization process was to take the information provided and develop a new U.S. Marshals Service headquarters structure that could better support the

district offices. This required setting aside the existing organizational configurations, including the vestiges attached to individuals and personalities, as well as, business practices that have "always been done that way". It was to be based on modern organizational theories and fashioned after the principles of the National Performance Review initiatives and the Government Performance and Results Act.

The primary objectives of the new organizational structure were:

- delegate functional responsibility to the Marshals;
- reallocate staff from the headquarters to the districts wherever appropriate, to assist the districts in meeting increasing demands;
- refocus the attention of headquarters on providing service and support to the Marshals and district operations;
- simplify points of contact in headquarters and increase the speed and quality of guidance and service;
- reduce the number of managers and management layers in headquarters to increase the staff/manager ratio, facilitate the empowerment of employees, and improve overall organizational performance;
- increase responsibility and accountability of managers and employees at all levels;
- streamline business processes by consolidating similar functions, and emphasize team effort rather than individual and specialized work assignment; and,
- develop structures and functional alignments that will support significant improvements in the performance and cost-effectiveness of all U.S. Marshals Service activities.

6. Develop the New Organization Configuration

For the development of the new organization structure, the previously stated quality assurance objectives were followed. That is, the procedure was to consider the objectives before deciding which way to proceed in the development of the new organizational design. The sequence of steps taken were as follows:

- consolidate feedback from all sources, and develop detailed summaries of interviews with the division managers and staff;

- analyze those summaries in light of the guiding principles;
- evaluate the advantages and disadvantages of the various proposals and ideas presented;
- analyze the alternatives for realigning the organization according to similar functional areas;
- propose consolidated functional areas and define the missions and objectives of the newly aligned activities;
- use work process re-engineering techniques to develop completely new workflow structures that will optimally utilize staff and resources to accomplish missions;
- identify workforce and management structures needed to support new functional alignments;
- identify functions that would be performed by headquarters and district offices;
- describe the critical transitional elements of the reorganization in order to show how the organization will need to move from the current state to the implementation of its future state of existence;
- develop new and internally consistent structures within each major area to provide program oversight, management support, and general and specialized service delivery units; and,
- develop detailed organizational charts to account for all positions needing to be incorporated into the new configuration.

III. STUDY PLAN AND RESULTS

The reorganization plan, as attached, is the complete array of changes being proposed to reinvent the U.S. Marshals Service. Also attached is an organizational chart refocusing the lens of headquarters on its primary target, the needs of the Marshals and the districts. The proposed reorganization will:

- eliminate all Associate Directorates; all units except the General Counsel and the Management and Budget Division will report to the Deputy Director;

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- consolidate the functions of the Deputy Director for Operations and the Deputy Director for Administration into one Deputy Director position which would provide guidance to the U.S. Marshals Service;
- consolidate the responsibilities of the Office of Special Assignments and the Special Operations Group within the Office of the Deputy Director;
- consolidate the functions of the Office of Congressional and Public Affairs, the Office of Equal Opportunity Employment (EEO), and the Investigations Division (from the Office of Inspections) to create the Executive Services Division, to provide advice and services in response to public and congressional matters;
- consolidate the functions of the Court Security Division and the Witness Security Division to create the Protective Services Division, to provide national direction and coordination for the protection of judges, attorneys, witnesses and their families;
- consolidate the functions of the Prisoner Program Division, the Prisoner Transportation Division, and the Air Operations Division to create the Prisoner Services Division, to provide national guidance and support to the districts on the care and custody of prisoners from receipt and housing to medical services and transportation;
- consolidate the functions of the Enforcement Division with the Threat Analysis Division, and the function of debt collection to create the Investigative Services Division, to provide national guidance and support to the field in activities involving enforcement of court orders, including fugitive investigations, special injunctions, debt collection, and service of process;
- consolidate the functions of the Management and Planning Division, the Budget Division (from the Office of Financial Management), the Program Review Division (from the Office of Inspections), the Policy Review Division (from the Office of Policy and Communications), and the Technical Services Division to create the Management and Budget Division, to provide funds, plans, program reviews, policies, and systems to ensure for the cost-effective operation of the U.S. Marshals Service;
- consolidate the functions of the Personnel Management Division, the Employee Relations Division, the Training Academy, and Internal Security Division (from the Office of Inspections) to create the Human Resource Management Division, to provide for the health, safety, career development, and advancement of the workforce from recruitment to retirement; and,

- consolidate the functions of the Finance Division and the Procurement Division (from the Office of Financial Management), the Seized Assets Division, and the Administrative Services Division functions of communications, space, property and facility management, and other general administrative services to create the Business Services Division, to provide comprehensive business services and oversight, ranging from accounting and procurement operations to facility and property management.

These changes are also indicated in Table format on the following page with the left column reflecting the newly proposed organizational component and the right column representing the changes to the existing structure.

PRIOR WEAKNESSES

Numerous audits and reviews have disclosed weaknesses in contract management, assets maintenance and disposal, inventory tracking, financial controls, and oversight.

Contract Management

- Contract Management Reviews (CMRs), conducted by USMS regional staff during FY 1994 and 1995, reported the following deficiencies in real property management: (1) untimely appraisals, (2) weekly property checks not performed, (3) property not properly secured, and (4) billing for grounds maintenance not provided. These CMRs, conducted in the top 20 seized assets districts, also identified the following vehicle management deficiencies: (1) improper storage of expensive vehicles, (2) unlocked vehicles, (3) keys left in vehicles or stored in an unlocked location, and (4) vehicles stored with flat or under-inflated tires, broken windows, and dead batteries.
- In March 1994, an OIG audit reported the USMS did not adequately monitor performance under seized assets contracts. Assets deteriorated prematurely as a result of mishandling by the contractor. For example, vehicles were improperly towed and stored and a vessel sank because it was not stored on land. (Report 94-14)
- In March 1993, an OIG audit reported mismanagement of seized assets contracts resulting in approximately \$2.8 million in excessive costs and lost revenues in the six districts audited. The OIG estimated the loss could total approximately \$6.4 million nationwide. (Report 93-10)
- In May 1991, the GAO reported districts did not always: (1) document title search information, (2) maintain up-to-date and accurate property information, (3) prepare decision documents on significant properties, (4) obtain property appraisals, and (5) provide effective oversight of property managers. The GAO stated insufficient and poorly trained staff, lack of sufficient and clear policies and procedures, and an absence of strong regional oversight of district activities led to a fragmented program that may not adequately ensure that valuable commercial

properties that are seized are managed in the best interest of the government. (Report GAO/GGD-91-82)

Assets Maintenance and Disposal

- In 1994, an OIG audit reported that the USMS did not dispose of forfeited assets expeditiously. Twenty randomly selected districts had \$36.7 million of inventory forfeited between 2 and 8 years earlier. In 1988, one district received custody of a yacht seized in 1985. The yacht was appraised at \$25,000 in 1989. However, the district spent \$54,000 in storage and maintenance expenses over 3 years. The yacht was sold in 1991 for only \$7,000, a net loss of \$47,000. The audit also reported the USMS did not exercise due care for certain assets in custody. One district could not locate cash in the amount of \$151,264. The cash was forfeited in October 1985 and the Marshal was directed to deposit the proceeds in the Asset Forfeiture Fund. Based on district files, staff could not determine if the cash was given to the FBI or an Assistant United States Attorney. In August 1993, 8 years after the issuance of the forfeiture order, the district obtained the cash from the FBI. (Report 94-14)
- In 1990, OIG inspections identified deficiencies in the districts' assets management. Specifically, annual inventories of seized property were not conducted, documentation for seized property was not properly maintained, payments for expenses incurred in managing seized assets were not posted on the Receipt and Disbursement Records (Forms USM-286), and forfeited property was not disposed of in a timely and economical manner. (Reports I-90-06, I-90-19, and I-91-04)

Inventory Tracking

- In 1994, an OIG audit reported USMS files either could not be found or lacked critical documentation. For example, records relating to assets valued at \$9.9 million could not be located in one district. The OIG also reported the Seized Assets Management System (SAMS) database contained significant errors and omitted significant data. As a result, inventory reports misrepresented district inventories. One headquarters' report omitted a \$22 million cash asset located in one district. For another district, the headquarters' printout overstated the value of the district's inventory by \$780,000. (Report 94-14)

- USMS' FY 1994 and 1995 CMRs identified discrepancies between the districts' inventory lists and the SAMS inventory.
- In December 1992, the USMS Office of Inspections reported that 94 findings (14 percent of all review findings) from the FY 1991 and 1992 district reviews were in the seized assets area. Examples included incomplete or missing documentation and inconsistencies between the SAMS database and underlying case records.
- In 1990, an OIG inspection reported the seized assets information system had major problems including: (1) input errors; (2) liens, encumbrances, and liabilities not identified in the automated system; and (3) lack of timely data input. (Report I-90-05)
- In 1990, district inspections conducted by the OIG identified missing property, incorrect storage locations cited in records, and unauthorized transfers of property. The inspections also determined districts failed to dispose of forfeited property in a timely manner and properly maintain seized assets control documents. (Reports I-90-06, I-90-19, I-90-20, and I-91-04)

Financial Controls

- Several FY 1994 and 1995 CMRs revealed district staff failed to review or certify invoices before paying for services. As a result, contractors were overpaid. Staff in one district were directed, on occasion, to pay invoices they believed were already paid. The review team determined that the contractor and the district had lost all control and accountability over the billing process. Invoicing transactions were in such disarray that it was impossible for the team to accurately determine if the contractor was paid according to the guidelines of the contract.
- In 1994, an OIG audit reported the USMS did not exercise proper internal controls over vendor invoices. One district failed to reconcile contractor's bills but paid them as presented. OIG staff reviewed a sample of 100 entries out of 5,382 entries on one invoice. They identified a total of \$11,925 charged by the contractor for 18 vehicles for which the USMS had no records and 14 vehicles which had been sold. (Report 94-14)

- In 1993, an OIG audit reported that districts did not make equitable sharing payments to state and local law enforcement agencies on a timely basis. This deficiency was also noted during a 1990 OIG inspection. (Reports 93-7 and I-90-18)
- In 1992, the GAO reported inadequate separation of key duties among staff processing seized assets sharing checks. An OIG audit of the USMS' FY 1991 financial statements disclosed receipts were not deposited timely or recorded in the proper accounting period. An audit of the FY 1992 financial statements disclosed case files were not reconciled with accounting records. An audit of the FY 1993 financial statements disclosed noncompliance with policies regarding the timely deposit of seized cash, recovery of federal costs for managing shared assets, and classification of accounts payable. In addition, instances were noted when obligations exceeded allocations approved by the Deputy Attorney General. (Reports 93-2B, 93-13B, 94-11B, and GAO/GGD-92-59)
- In 1990, an OIG audit reported that districts lacked adequate internal controls for processing vendor invoices. Districts' payment practices provided limited assurance that invoices paid were for services actually received or the amounts disbursed were the amounts due the vendor. Processing deficiencies were identified in 20 (57 percent) of the 35 invoices reviewed. (Report 90-14)

Oversight

- Several FY 1994 and 1995 CMRs reported district Contracting Officer's Technical Representatives (COTRs) were not performing their duties properly. At one district, the team noted that although the district COTR was on administrative leave for over 1 year, the COTR duties were not transferred to another district employee.
- In 1992, a JMD study suggested firmly establishing a strong assistance role to ensure USMS regional offices' effectiveness. The study went on to say: (1) there have never been sufficient resources in the regions to perform Performance Management Reviews on a regular basis, and the coverage has been inadequate with many district offices seldom, if ever, reviewed; (2) several district officials indicated that even though the programs in their districts had been reviewed, the results were either slow in coming or never came; (3) the USMS struggled with establishing

a viable role for regions due to lack of top management support and, in some part, local Marshals' opposition; (4) regions had difficulty fulfilling duties because they lacked sufficient resources and consistent top management support; (5) regions could be a valuable resource for districts and headquarters in improving the quality and effectiveness of seized assets contracts. The study pointed out: (1) district staff said Procurement Division personnel were not responsive in taking actions necessary for effective contract performance, and (2) headquarters was slow in getting accurate information on existing contracts and in providing policy clarifications.

- In 1992, the GAO reported that sustained oversight is needed to see the major operation problems relating to the management and disposition of seized and forfeited assets through resolution. Without sustained oversight, improvements in seized property information may flounder, especially in times of tight budget. In 1991, the GAO described seized property program functions as being in a "highly decentralized environment that requires strong oversight." (Reports GAO-HR-93-17 and GAO/GGD-91-82)
- In 1990, an OIG audit reported that regional offices did not adequately monitor: (1) the accuracy of data in the seized assets computer system, (2) district case management activity, (3) physical inventory requirements, or (4) contract management. The report concluded the region's failure to systematically monitor, influence, and direct district operations was primarily due to unclear policy from headquarters. As a result, inadequate oversight and control over the seized assets program existed. (Report 90-14)
- In a July 1990 oversight hearing on the Asset Forfeiture Program, the GAO Comptroller General described seized and forfeited assets as a high risk area because it has a history of debilitating internal control problems leading to mismanagement of seized cash, inaccurate reporting on the financial results of program operations, and an inability to maximize revenues on seized cars, boats, airplanes, and real estate. The Comptroller stated that problems that had been previously noted continued to need attention, specifically: (1) cash management problems, (2) management information deficiencies, (3) lack of adequate staff, and (4) title insurance problems. The Comptroller concluded by stating that effective oversight was needed to ensure that these problems were resolved. (Report GAO/T-GGD-90-56)

**STATUS OF REINVENTION TEAMS' WORK RELATING
TO SEIZED ASSETS MANAGEMENT**

The chart on the next page details the status of the division reinvention teams' work as of July 21, 1995, for seized assets management. The first column shows key functions in the current organization. The second column shows the division in the current organization having responsibility for the function. The third and fourth columns show the new division under the reorganization, and team(s) within the new division, that will have responsibility for the function. Each new division will have: (1) a Program Oversight Team responsible for policy, guidance, and oversight; (2) Service Delivery Teams responsible for providing day to day services to its customers (primarily district offices); and (3) a Management Support Team responsible for providing administrative support to the other teams and districts. The fifth column shows whether standards had been established to measure successful completion of the work performed. The last column shows whether the types and number of positions needed to complete the functions had been identified.

The chart details the responsibility for key seized assets management functions that are currently spread among the Seized Assets Division, Procurement Division, Program Review Division, and the Training Academy. All key functions, except CMRs, have been assigned to a division in the new organization. As discussed on page eight of this report, the CMR function is a very important aspect of program oversight. Accordingly, the USMS needs to ensure the CMR function is assigned and sufficiently staffed before the reorganization is implemented. Most of the key functions will fall under the new Business Services Division, either within the Program Oversight, Service Delivery, or Management Support teams. Program reviews will be assigned to the Service Delivery Team of the new Management and Budget Team. Training will be assigned to the Service Delivery Team of the new Human Resources Management Division.

The reinvention teams had established performance standards for all the functions except the CMR and contract administration functions. Since the USMS relies almost exclusively on contractors to manage and dispose of seized assets, the USMS needs to ensure appropriate standards are developed for these functions before implementing the reorganization. As explained on page seven of the report, the reinvention teams had not determined the types and number of positions needed to carry out the key seized assets management functions. The failure to do so causes us serious concern since the planned implementation of the reorganization is only 6 weeks away.

BUSINESS FUNCTIONS, PROCESSES, STANDARDS, AND STAFFING

KEY HEADQUARTERS FUNCTIONS FOR MANAGING SEIZED ASSETS	WHERE FUNCTION IS CURRENTLY ASSIGNED	WHERE FUNCTION HAS BEEN ASSIGNED UNDER NEW ORGANIZATION		STANDARDS DEVELOPED?	TYPES AND NUMBER OF POSITIONS IDENTIFIED?
		DIVISION	OFFICE		
Develops and promulgates policy and provides technical guidance to investigative agencies, litigators, and USMS district offices on matters pertaining to the seizure, management, and disposition of seized and forfeited property.	SEIZED ASSETS DIVISION	BUSINESS SERVICES	PROGRAM OVERSIGHT	YES	NO
Formulates budget strategies and establishes appropriate controls over the use of Assets Forfeiture Fund monies allocated to the USMS for expenditures required to meet program needs.	SEIZED ASSETS DIVISION	BUSINESS SERVICES	MANAGEMENT SUPPORT and SERVICE DELIVERY TEAM	YES	NO
Establishes and maintains an automated inventory system (SAMS/CATS) for tracking assets through the assets' life cycles while in the USMS custody.	SEIZED ASSETS DIVISION	BUSINESS SERVICES	SERVICE DELIVERY TEAM	YES	NO
Assists district offices in establishing the most efficient and cost-effective delivery system for managing and disposing of seized and forfeited property. Uses a combination of private sector contractors and other government agencies to provide the necessary services.	SEIZED ASSETS DIVISION	BUSINESS SERVICES	PROGRAM OVERSIGHT and SERVICE DELIVERY TEAM	YES	NO
Collects and analyzes data, as needed, to determine actual and potential impacts on the program from decisions made within the Department, from legislative proposals, and from case law, relating to seized and forfeited assets.	SEIZED ASSETS DIVISION	BUSINESS SERVICES	PROGRAM OVERSIGHT	YES	NO
Schedules and conducts contract management reviews.	SEIZED ASSETS DIVISION	NOT ASSIGNED	NOT ASSIGNED	NO	NO
Executes all procurement actions for USMS HQ offices and field offices above the limits delegated to US Marshals and Chief Deputy US Marshals.	PROCUREMENT DIVISION	BUSINESS SERVICES	SERVICE DELIVERY TEAM	YES	NO
Provides oversight and on-site technical review of procurement activities at the district level.	PROCUREMENT DIVISION	BUSINESS SERVICES	SERVICE DELIVERY TEAM	NO	NO
Schedules and conducts program reviews.	PROGRAM REVIEW DIVISION	MANAGEMENT & BUDGET	SERVICE DELIVERY TEAM	YES	YES
Develops and implements basic, advanced, specialized supervisory, and management training for the USMS.	TRAINING ACADEMY	HUMAN RESOURCES MANAGEMENT	SERVICE DELIVERY TEAM	YES	NO

CHRONOLOGY OF EVENTS FOR REPROGRAMMING REQUEST

There has been confusion as to whether or not the reorganization would require a budgetary reprogramming of funds. Our summary of events in that regard is shown below.

- In an April 10, 1995 memorandum, the Assistant Attorney General for Administration notified OMB staff of the reorganization within the USMS. The memorandum further stated that a budgetary reprogramming would be required to accomplish the reorganization and would be submitted in FY 1995.
- In a meeting on April 21, 1995, between the USMS, JMD, and OMB, the USMS assured JMD Budget Staff that a budgetary reprogramming would not be required to implement the reorganization.
- In a June 5, 1995 memorandum to OMB, JMD attached the USMS' response to questions raised at the July 21, 1995 meeting. The response to one question indicated that a budgetary reprogramming would not be required.
- In a July 18, 1995 memorandum, JMD relayed USMS' assurance of no budgetary reprogramming to Congress.
- On July 18, 1995, the USMS' consultant informed us a reprogramming request was being prepared to reduce seized assets management work-years to about 200. He also stated a comparable reprogramming was planned for FY 1996, but it would not be submitted until after Congress approved the FY 1996 budget.
- On July 27, 1995, the Chief of the USMS Budget Division, informed us a reprogramming was being prepared, but it would not reduce the number of work-years for seized assets management.
- On July 28, 1995, the USMS' consultant informed us the Budget Division Chief was wrong and the reprogramming would reduce seized assets management work-years. Later on the same day, the Budget Division Chief informed us he was wrong in stating the reprogramming

would not reduce the seized assets management work-years. He stated the work-years would, in fact, be reduced from 379 to 290 for FY 1995.

- On August 1, 1995, the Director, USMS, sent a memorandum to the Assistant Attorney General for Administration requesting a formal reprogramming. The Director's memorandum stated the purpose of the reprogramming was to realign resources to more accurately reflect ongoing operations and the reorganization would only affect the FY 1995 budget. The request included reprogramming funds from numerous decision units to Protection of the Judicial Process, Fugitive Apprehension, and National Prisoner Transportation decision units. The USMS requested a reduction from 379 to 290 work-years for seized assets management.
- August 8, 1995, the JMD Budget Staff were reviewing the request and had not made a decision.

SCOPE OF REVIEW

In view of the pervasiveness and long history of problems regarding the USMS' management of seized assets, our review included, but was not limited to:

- examining past and current weaknesses in the seized assets program as identified by the GAO, and the Department's JMD, OIG, and USMS;
- comparing current seized assets functions to proposed seized assets functions;
- determining whether the functions were assigned under the reorganization plan, standards developed, and the numbers and types of positions defined;
- examining USMS reinvention teams' progress to date; and
- analyzing seized assets program funding, staffing, and workload for the past 6 years, as well as the USMS' projections of funding, staffing, and workload for FY 1996.

Due to time constraints we did not verify the accuracy of data provided by the USMS (e.g., USM-7 data, seized assets inventory levels, etc.).

Because seized assets management involves interaction among numerous Departmental components, we interviewed personnel from the: (1) AFO, Criminal Division; (2) FBI; (3) DEA; (4) INS; (5) USMS headquarters, including regional seized assets offices; and (6) selected USMS district offices. In addition, we contacted representatives of the JMD's Management and Planning Staff, Budget Staff, and Asset Forfeiture Management Staff. Further, we met with the former Director of the Executive Office for Asset Forfeiture and with private auditors contracted by the Department to review seized assets. This review was performed as set forth in the Government Auditing Standards section on "Other Activities of An Audit Organization."