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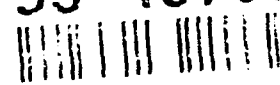


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United States
General Accounting Office
Washington, D.C. 20548

Accounting and Financial
Management Division

B-240722

January 24, 1991

The Honorable Richard L. Thornburgh
The Attorney General

Dear Mr. Attorney General:

This report presents the results of our review of the financial management environment of the Immigration and Naturalization Service (INS). This review is part of GAO's overall effort to assess the effectiveness of INS' management.

This report contains recommendations to you. The head of a federal agency is required by 31 U.S.C. 720 to submit a written statement on actions taken on these recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of this letter and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of this letter.

We are sending copies of this report to the Director, Office of Management and Budget; Secretary, Department of the Treasury; Commissioner, Immigration and Naturalization Service; and interested congressional committees. Copies will be available to others upon request.

Sincerely yours,

Donald H. Chapin
Assistant Comptroller General

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Executive Summary

Purpose

Over 40 years ago, with the passage of the Budget and Accounting Act of 1950, the Congress required that each agency head establish and maintain adequate systems of accounting and internal control. The act is aimed at strengthening management controls and accounting systems. Nevertheless, decades later, the Immigration and Naturalization Service (INS) continues to be faced with serious and long-standing financial management problems. While various reforms are being considered and other efforts are underway, more urgent and decisive actions are needed to deal effectively with INS' financial management problems.

GAO made this review to identify the specific actions INS needs to take to improve its financial management operations. This report supplements the larger GAO review that assessed the overall effectiveness of INS' management.

Background

INS is part of the Department of Justice. It is responsible for administering the immigration and naturalization laws relating to the admission, exclusion, deportation, and naturalization of aliens. In the last decade, INS' budget has more than tripled from about \$349 million to over \$1 billion. The money used to finance INS comes from (1) appropriated funds and (2) fee revenue.

INS accounting operations are decentralized and performed by (1) the Headquarters Accounting Section, which performs the accounting function for headquarters and the 3 overseas district offices and (2) 4 regional offices, which perform the accounting function for 33 U.S. district offices and 21 border patrol sectors.

Results in Brief

INS does not have fiscal accountability over its resources. Its outmoded accounting system, weak internal controls, and lack of management emphasis on financial management have contributed to this situation. INS could lose millions of dollars in revenue because accurate and reliable financial information is not available to effectively bill, collect, or litigate amounts owed the government. Further, its primary accounting system contains incomplete and inaccurate financial data. These weaknesses have existed for many years and have not been corrected. Solving INS' financial management problems will require strong management commitment and leadership that must be sustained across succeeding administrations.

Principal Findings

Limited Controls Over Revenue and Debt Collection

INS does not have the systems or procedures in place to ensure that hundreds of millions of dollars in revenue and debts are collected, accounted for, controlled, and deposited. For example, one staff member is solely responsible for controlling, collecting, and forecasting over \$100 million in immigration user fees. Further, INS has not initiated any reviews of its user fee collection agents to ensure that amounts remitted are accurate.

Millions of dollars in debts owed the government are uncollected because of inaccurate data and the lack of adequate records. For example, an INS memorandum dated October 1989 indicated that an insurance company owed INS about \$6 million in breached surety bonds but proposed a settlement of \$1 million because (1) INS' financial data are suspect and have proven in the past to be wrong, (2) the financial system is antiquated and unreliable, and (3) the alien files were incomplete. Although INS has acknowledged the seriousness of its debt management problems, it has made limited progress in correcting them. District managers are not held accountable for debt collection activities, and some managers believed that debt collection activities were not part of their duties because funds collected are not returned to INS.

Also, in fiscal year 1989, INS lost over \$460,000 as a result of checks returned for insufficient funds. Because of the lack of coordination between the regional offices and the district offices, INS district offices processed applications for aliens who did not pay the required fees. In another case, GAO found that in one district office an average of \$42,000 in cash was deposited by mail each day. Subsequently, INS reported that 29 of its field offices were mailing cash deposits as of July 1990. Depositing cash through the mail increases the government's risk of loss and is not a sound businesslike practice.

Over the past 7 years, INS has faced difficulty in implementing a viable debt collection system. As recently as July 1990, INS could not implement an agencywide debt management system because INS' regional offices had become decentralized under the former Acting Commissioner and did not follow headquarters directives.

Financial Management Systems Do Not Meet INS' Stewardship Needs

INS' primary accounting system does not provide complete and accurate financial information on the results of its program and administrative operations. For fiscal year 1989, there were differences amounting to \$94 million between the balances recorded in the INS primary accounting system and the financial reports submitted to the Department of the Treasury. As a result, INS does not know the total amount of funds it has available. In addition, managers are not receiving the financial management information needed to adequately control funds and evaluate program operations.

For example, near the end of fiscal year 1989, INS' top management had difficulty in obtaining accurate data on expenditures. As a result, management could not accurately determine INS' financial condition. In June 1989, INS' Acting Commissioner projected a deficit for the fiscal year ranging from \$5 million to \$52 million. Audited financial statements could be a beneficial tool for INS' top management in determining the reliability of INS' financial data. INS has recognized that its primary accounting system is obsolete and has major shortcomings; it acknowledged that the system cannot efficiently meet management's needs. To correct its system's problems, INS is in the process of converting to Justice's Financial Management Information System. However, a system feasibility study was not made to determine if the system was capable of meeting INS' financial management needs.

INS' FMFIA Reports Have Not Been Accurate

INS has not reported all of its material weaknesses to the President and the Congress as required by the Federal Managers' Financial Integrity Act (FMFIA) of 1982. INS has had serious, long-standing problems with debt collection, and, in 1988, GAO recommended that they be reported as material weaknesses. However, INS has not identified these long-standing problems as material weaknesses in its FMFIA reports. Further, INS has not routinely included its field activities in the reviews of its internal control and accounting systems. As a result, its evaluations were limited to the headquarters offices. Without adequate disclosure, the President, the Congress, and the public will not be aware of INS' serious problems and the efforts needed to correct them.

Recommendations

GAO is recommending that the Attorney General direct the Commissioner of INS to appoint an Associate Commissioner for Financial Management. The designation of a senior manager for financial management at INS is in line with the concepts embodied in the Chief Financial Officers Act of 1990. Once appointed, the Associate Commissioner should act to develop

a viable accounting system, improve controls over revenue and debt collection activities, and strengthen reporting under the Financial Integrity Act. Further, in GAO's report on the overall effectiveness of INS' management, it recommended that the Attorney General, in consultation with the Director of the Office of Management and Budget, establish a group of experts to work with the INS Commissioner to improve INS' financial management and budget system. These efforts, in conjunction with the appointment of an Associate Commissioner for Financial Management, will provide the foundation needed to improve INS' overall financial leadership.

Agency Comments

GAO requested official comments on a draft of this report from the Department of Justice. In a letter, Justice stated that it would not be in a position to comment on the report's specific findings and recommendations until its newly established management group has reported to the Attorney General.

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Abbreviations

FMFIA	Federal Managers' Financial Integrity Act
OIG	office of inspector general
INS	Immigration and Naturalization Service
OMB	Office of Management and Budget

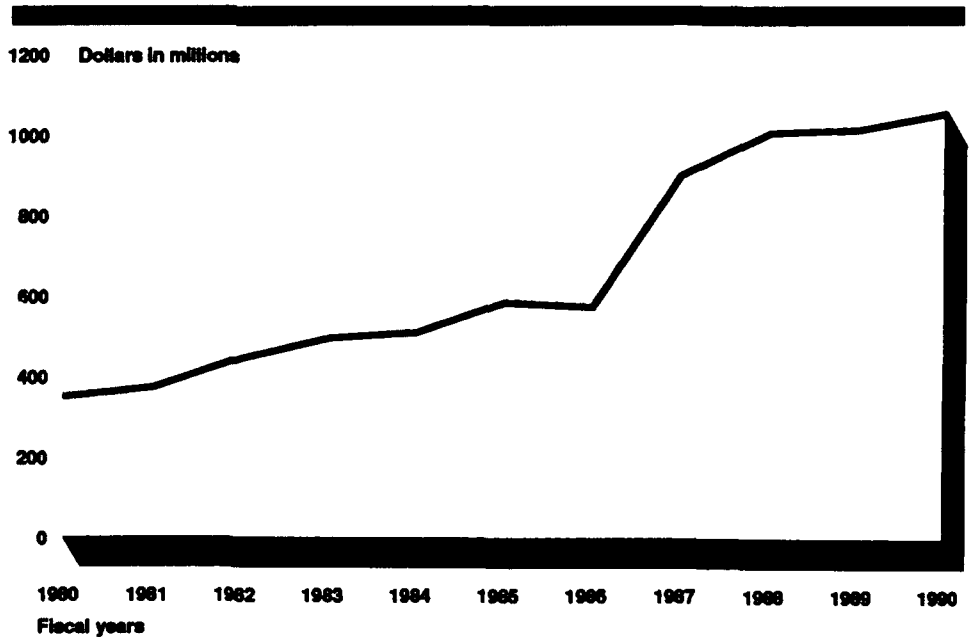
Introduction

As part of our management review at the Immigration and Naturalization Service (INS), we assessed the agency's management and control over its financial operations. This report discusses INS' accountability over revenue and debt collection and its financial management systems.

INS is a component of the Department of Justice. INS has both a public service mission and an enforcement mission. It is responsible for facilitating the entry of legal aliens and preventing the illegal entry of aliens into the United States. Specifically, INS determines the admissibility of aliens into the United States; adjudicates requests of aliens for benefits; guards against illegal entry into the United States; investigates, apprehends, and removes aliens in violation of the law from this country; and examines the applications of aliens wishing to become citizens.

INS had about \$1.1 billion in total resources for fiscal year 1990. This amount includes about \$840 million in appropriated funds and about \$260 million from three fee accounts—immigration user fee, immigration legalization fee, and immigration examinations fee. As shown in figure 1.1, INS' budget has more than tripled since fiscal year 1980.

Figure 1.1: INS Budget Authority for Fiscal Years 1980 to 1990



Note: Immigration user fees and legalization fees were instituted in October 1986 and November 1986, respectively. The examinations fee account was established in October 1988.

Source: Department of Justice Management Division.

INS' Financial Management Structure

The Associate Commissioner for Management provides advice and guidance on financial management to the INS Commissioner. The Associate Commissioner is also responsible for directing and coordinating financial management matters. INS' Comptroller assists the Associate Commissioner in fulfilling his or her duties and responsibilities.

Specifically, the Comptroller is responsible for the overall formulation and execution of the INS budget. The Comptroller also manages INS' financial management systems, maintains supporting accounting and fiscal records, and develops and provides systems for (1) allocating staff positions and funds and (2) restricting obligations and outlays.

INS accounting operations are decentralized and performed by (1) the Headquarters Accounting Section, which performs the accounting function for headquarters and the 3 overseas district offices and (2) 4 regional offices (eastern, northern, southern, and western), which perform the accounting function for 33 U.S. district offices and 21 border patrol sectors. Except for the overseas district offices, the U.S. district offices and border patrol sectors report directly to regional offices.

Each INS operating office and field activity is responsible for carrying out its own financial management functions. These include accounting for and controlling INS resources and assessing its financial management systems for conformance with the Comptroller General's accounting principles, standards, and related requirements.¹ In addition, the Federal Managers' Financial Integrity Act² also focuses on the need to strengthen accounting and internal control systems.

INS reported in its fiscal year 1989 Financial Integrity Act report that its financial management structure consists of 15 systems. These systems are used to (1) record and control appropriated funds and other financial resources, (2) record financial information on the financial results of

¹GAO's Policy and Procedures Manual for Guidance of Federal Agencies contains the principles, standards, and related requirements to be observed by federal agencies. Specifically, Title 2, appendix I, prescribes accounting principles and standards. Titles 4, 5, 6, and 7 specify requirements governing claims; transportation; pay, leave, and allowances; and fiscal procedures, respectively. Also, agency accounting systems must comply with the Comptroller General's internal control and accounting system standards, as prescribed in appendixes II and III of Title 2 of the manual, respectively, as well as requirements set forth in the Treasury Financial Manual and Office of Management and Budget circulars.

²The Federal Managers' Financial Integrity Act of 1982 (31 U.S.C. 3512(b) and (c)) gives agency management the primary responsibility for maintaining adequate systems of internal control and accounting. The act requires agency heads to report annually to the President and the Congress on the status of these systems, and it holds managers responsible for correcting identified deficiencies.

programs and administrative operations, (3) prepare financial reports for use by INS management, and (4) prepare financial reports on the results of programs and administrative operations and the status of appropriated funds for use by external parties, such as the Office of Management and Budget (OMB) and Treasury.

Objectives, Scope, and Methodology

This is one of several recent GAO reports addressing various aspects of the Immigration and Naturalization Service. We discussed other management issues in two separate reports: Information Management: Immigration and Naturalization Service Lacks Ready Access to Essential Data (GAO/IMTEC-90-75, September 27, 1990) and Immigration Management: Strong Leadership and Management Reforms Needed to Address Serious Problems (GAO/GGD-91-28).

The specific objectives of this review were to (1) evaluate INS efforts to collect revenue and debts owed the government and (2) determine whether INS' financial management systems provide management the information it needs to fulfill its stewardship responsibility.

We conducted our review from October 1989 through June 1990 in accordance with generally accepted government auditing standards. We worked at the following locations:

- INS Headquarters, Washington, D.C.;
- Eastern Regional Office, Burlington, Vermont;
- Northern Regional Office, Twin Cities, Minnesota;
- Southern Regional Office, Dallas, Texas;
- Western Regional Office, Laguna Niguel, California; and
- Department of Justice, Washington, D.C.

In pursuing our objectives, we reviewed policies and procedures pertaining to INS programs and organizations; agency descriptions of its financial management systems; previous reports by GAO, the Justice Office of Inspector General, and the Justice Management Division; and INS' Federal Managers' Financial Integrity Act (FMFIA) reports.

To assess INS' revenue and debt collection efforts, we reviewed INS' guidelines, practices, and records for revenue and debt collection. We interviewed officials responsible for revenue and debt collection at headquarters, regions, and district offices as well as Office of General Counsel and finance officials in these offices. We also interviewed headquarters officials responsible for billing and collection activities and

reviewed INS studies, proposals, and internal audit reports regarding revenue and collection activities.

To determine the effectiveness of INS' financial management systems, we interviewed INS financial management officials concerning the weaknesses identified during our review of their accounting systems. We also followed up on selected accounting system problems previously identified by GAO, the Justice Office of Inspector General, and INS in its FMFIA reports for fiscal years 1985 through 1989.

We reviewed selected internal and external reports generated by INS financial management systems to determine if they contain accurate and complete information and are useful to INS in managing its financial and program operations. We tested the reliability of system information by comparing data among systems and against financial reports submitted to the Department of the Treasury as of September 30, 1989, the most recent reports available at the time of our review. Further, we evaluated INS efforts to enhance its accounting systems by interviewing financial management officials at INS' headquarters and regional offices and at the Department of Justice.

We requested official comments on a draft of this report from the Department of Justice. In a letter, Justice stated that it would not be in a position to comment on the report's specific findings and recommendations until its newly established management group has reported to the Attorney General.

Limited Controls Over Revenue and Debt Collection Have Resulted in Significant Losses

INS' inaccurate financial data, unreliable financial systems, and insufficient internal controls over the collection of revenue and debts could result in the loss of millions of dollars. INS continues to rely on inaccurate financial data produced by antiquated financial systems and cannot use its financial data to effectively litigate cases and collect amounts owed. Further, INS does not have full assurance that the amount of revenue remitted is accurate and that compensation is received for all services rendered.

Contributing to INS' debt collection problems is the fact that some managers do not see the benefit in collecting debts owed the government because the collections do not revert to INS but are deposited in the general fund of the Department of the Treasury. As a result, debt collection has been given a low priority. Further, debt management activities are fragmented throughout INS with no single, integrated debt management system. Development and implementation of an effective debt management system has been slow and haphazard.

Federal Policy for Establishing Fees and Collecting Debts

Federal policy is clear regarding cost recovery and debt collection issues. The Congress has enacted numerous statutes authorizing and directing agencies to (1) recover the costs of services which benefit identifiable recipients and (2) aggressively collect debts owed the government.

Since 1952, the Congress has required that each service provided by a federal agency be self-sustaining to the fullest extent possible (31 U.S.C. 9701 (a)). A 1968 amendment to section 344(a) of the Immigration and Nationality Act, Public Law 90-609, eliminated fixed statutory fees related to petitions for naturalization and authorized the Attorney General to set fees. Further, the Debt Collection Act of 1982 provided authority for agencies to collect debts owed the government.

Agencies are ultimately responsible for managing their own debt collection activities. Title 7 of GAO's Policy and Procedures Manual for Guidance of Federal Agencies requires that agencies maintain records of all collections in sufficient detail to readily identify collections if called upon to do so. Further, agencies must ensure that contractors collecting funds on behalf of the government maintain proper records and provide adequate physical control over such funds.

Controls Over Fee Collection Are Weak

In fiscal years 1988 and 1989, INS collected several hundred million dollars in immigration user and examinations fees. However, accounting for these fees has not been adequate. INS has not put into place the staff, systems, and procedures needed to ensure that the fees collected are properly accounted for, controlled, and promptly deposited. Fees collected are deposited into two major accounts—the Immigration User Fee Account and the Immigration Examinations Fee Account. In fiscal year 1989, INS collected and deposited about \$108 million¹ into the Immigration User Fee Account and \$141 million into the Examinations Fee Account. Prior to July 1990, fiscal control over these fees was maintained by the Associate Commissioner for Examinations rather than the Comptroller, who has fiscal responsibility over INS' resources. In a July 30, 1990, memorandum, the Commissioner directed that the Office of the Comptroller take sole responsibility for the management of all current and future fee accounts.

Lack of Written Control Procedures and Cost Accounting System for Immigration User Fees

The Immigration User Fee was established in October 1986 by Public Laws 99-500 and 99-591. The legislation permits the Attorney General to collect a \$5 fee from each individual arriving in the United States aboard a commercial aircraft or vessel from foreign locations, other than Mexico, Canada, U.S. territories and possessions, or adjacent islands. The purpose of the fee is to provide funds for improved passenger inspection services, the detention of excludable aliens, an improved debt collection system, and the establishment and operation of a national debt collection office. Carriers are to remit the fees collected to the Attorney General no later than 31 days after the close of the calendar quarter in which the fees were collected.

It is the responsibility of the carriers, travel agents, or other parties that issue tickets or transportation documents to collect the fee. In fiscal year 1989, INS received about \$104 million in immigration user fees from the inspection of about 21 million individuals at airports and seaports. INS estimates that collections in fiscal year 1990 will exceed \$115 million.

INS has one staff member solely responsible for controlling, collecting, and forecasting the millions of dollars in immigration user fees. This staff person serves as the technical expert on this fee, briefing management on all matters concerning the user fee and formulating recommendations for biennial adjustment of the user fee amounts. According to

¹This account includes about \$104 million in user fee remittances and \$4 million in fines, penalties, and liquidated damages collections.

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the staff member, there are no written procedures for controlling, collecting, and forecasting the amounts of user fees. To make user fee projections, the staff member stated that he reviews travel statistics from the Department of Transportation, Aviation Daily reports, and official airline reports and then makes an educated guess as to the amount of fees to be collected. Historical data and trends are not used for determining the amount of fees to be collected.

Section 205 of the Department of Justice Appropriation Act of 1987 (Public Law 99-591) requires that at the end of each 2-year period—the first 2-year period being December 1, 1986, through November 30, 1988—the Attorney General submit a report to the Congress on the status of the Immigration User Fee Account and recommend any adjustment in the prescribed fee. The congressional intent is that the receipts collected from the fee equal as closely as possible the cost of providing the services.

In 1988, INS studied the fee level and concluded that \$5 was adequate. Our review of the INS study disclosed that its analysis was based primarily on spending levels rather than on the actual costs incurred. INS was unable to accurately determine the full cost of administering the program because it did not have a cost system in place to capture the actual costs incurred. As a result, the total costs involved in the program were not available for the INS study.

Our analysis of the total spending levels attributed to immigration user fee activities for fiscal years 1987 and 1988 showed that the amounts INS reported to the Congress and the amounts recorded in INS' primary accounting system differ. For example, INS reported to the Congress that about \$59 million was incurred in administering the inspection program in fiscal year 1987, while INS' primary accounting system showed that about \$21 million was spent for immigration user fee activities. Because of inadequate financial data produced by the system, we were unable to determine if either amount was correct.

Further, enabling legislation permits INS to use some of the fee revenue for development of systems needed to operate the program in an efficient and effective businesslike manner. However, INS did not use any of the funds received to develop and implement a cost system.

For fiscal year 1989 operations, the Immigration User Fee Account had a reported deficit of about \$2 million. According to the staff member responsible for the immigration user fee, this deficit resulted from a

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deportation and detention contract in New York City, for which INS paid substantial amounts (about \$500 a day) for each alien detained. Further, in May 1990, the inspection program requested additional funds to increase inspection personnel at ports of entry, but INS could not accommodate this request because the Immigration User Fee Account did not have funds available.

Also, since the immigration user fee legislation was enacted, we found that INS has not performed any reviews to determine whether all fees are being collected and subsequently sent to INS by the parties required to collect the fees. INS relies on the "good faith effort" of the carriers to remit the fee amounts collected.

**Poor Cash Management of
Examinations Fees**

Because of poor cash management over the collection of examinations fees, INS lost about \$464,000 in fiscal year 1989. Further, some INS locations are highly vulnerable to fraud because cash is not deposited promptly and in a businesslike manner.

The Immigration Examinations Fee Account, established by the Department of Justice Appropriation Act of 1989 (Public Law 100-459), authorized the Attorney General to use examinations fees to pay for services rendered in processing applications and petitions under the Immigration and Nationality Act. INS charges various types of fees for services rendered, such as petitions for naturalization and applications for adjustment of status.²

INS cash management procedures require that receipts be deposited when they reach or exceed \$1,000 but at least once a week. We found that the INS Los Angeles District Office was not adhering to these procedures. During our March 1990 visit to the district office, the mail room supervisor estimated that 1,000 applications, with about \$50,000 in total estimated fees, were unprocessed because of a staff shortage. Since our visit, additional staff members have been hired, and as of July 1990, the backlog had been reduced to about 500 applications.

We also found that the district office was making cash deposits by mail. During the first week of March 1990, the district office deposited by mail an average of \$63,000 daily—\$42,000 in cash and \$21,000 in checks. Depositing cash through the mail increases the government's

²The Attorney General delegates to the INS Commissioner the responsibility of collecting various types of petition and application fees.

risk of loss and is not a sound businesslike practice. We informed the INS Comptroller of our findings at the Los Angeles District Office. In June 1990, the Comptroller initiated reviews to determine how widespread the practice was and found that 29 field offices were mailing cash deposits. An August 7, 1990, memorandum from the Office of the Commissioner to all Regional Commissioners directed that all cash received be converted to money orders or bank drafts and be deposited daily to INS' lockbox bank, effective October 1, 1990.

Further, we found that large amounts of fee revenue were lost because of bad checks submitted to INS. In fiscal year 1989, INS' regional offices reported that over \$460,000 was lost because checks were returned for insufficient funds. In the first quarter of fiscal year 1990, the Western Regional Office had received about \$24,000 in bad checks. INS' current practice is to write off bad checks of \$50 or less and refer to its attorneys for collection those over \$50. INS regional offices are responsible for notifying the appropriate district office when checks are returned due to insufficient funds. As part of our review at the Western Regional Office, we tested personal checks that had been returned for insufficient funds to determine whether the accompanying applications had been processed. We found that five of the seven checks tested did not have pertinent data which could serve as a control technique to match the applications with aliens who had submitted bad checks. Thus, the Western Regional Office experienced difficulty in determining the applicants who had submitted bad checks. For example, in some cases, the checks had no addresses and unclear endorsements, and the Los Angeles District Office processed these applications. The INS Administrative Manual states that an application receipt is not binding if the remittance is uncollectible.

INS' Debt Collection Efforts Are Hampered by Poor Data

Besides experiencing difficulty in collecting fees, INS continues to face difficulty in the collection of debts owed the government. INS' operating units do not maintain complete records essential to support litigation efforts. Also, at the district office level, debt collection is considered a low priority because INS district managers believe that INS does not benefit from the funds collected. According to an Associate General Counsel, the total amount of debts owed is not known. A 1989 memorandum from a former general counsel of INS reported that the government is owed tens of millions of dollars for breached bonds and other penalties.

Breached Bonds Are Uncollected

Millions of dollars in breached bonds are uncollectible because of (1) incorrect financial data and (2) incomplete alien files. Bonds are used to ensure that aliens appear at deportation hearings.³ These bonds are contracts between INS and the aliens, or persons acting on their behalf (obligors) who promise their appearances. Under a cash bond, an alien or obligor deposits the entire bond amount in cash with INS. Under a surety bond, the alien or obligor must provide collateral (equivalent in value to the bond amount) to a surety (insurance) company. If the alien fails to appear at the scheduled hearing, the surety company is liable, upon notification, to INS for the bond amount.

As of September 30, 1989, the Office of the Comptroller estimated that about \$166 million of bonds were outstanding. This amount included about \$126 million in cash bonds and about \$40 million in surety bonds. When cash bonds are used by aliens, INS deposits the cash into a trust account in the Department of the Treasury. Once cash bonds are breached, INS transfers the cash, which had been paid on the bond, from its trust account in Treasury to the general fund account in Treasury.

INS was unable to provide us with the total amount of outstanding surety bonds because, as a general practice, surety bonds are not recorded in the accounting records until bonds are breached. However, as a result of our request, INS provided us with an estimated amount of outstanding surety bonds based on a ratio of cash bonds to surety bonds. In addition, INS does not know the total amount of breached bonds, and it does not act promptly when bonds are breached. For example, based on our review at the Western Regional Office, we found that at the end of fiscal year 1989, the regional office had about \$4.1 million in unprocessed breached cash bonds, some of which dated back to 1985. Since we brought this problem to regional management's attention, it transferred the \$4.1 million in breached cash bonds from the trust account to Treasury's general fund account as of July 1990.

Further, in March 1988, we reported⁴ that INS did not bill promptly when surety bonds were breached, thus creating delays in collection of money owed the government. We also reported that INS did not promptly notify obligors of aliens' scheduled hearings as stipulated in the bond agreements. As a result, the obligors were no longer financially liable, which precluded INS from collecting the bond value. During our current review,

³The bonds discussed are called delivery bonds by INS. There are two types of such bonds, cash and surety.

⁴INS Delivery Bonds: Stronger Internal Controls Needed (GAO/GGD-88-36, March 7, 1988).

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we found that INS is still experiencing these problems because, according to INS officials, debt collection is not considered a high priority.

In our review, INS provided documentation which showed the difficulty it experienced in collecting the full amounts of breached bonds owed because of inadequate documentation and recordkeeping. For example, an October 1989 memorandum from the Office of General Counsel indicated that one insurance company owed INS about \$6 million in breached surety bonds. The company, however, proposed a settlement of \$1 million, a possible loss of \$5 million to the government. This memorandum disclosed numerous reasons why the government may not collect the total amount owed, including (1) INS' financial data are suspect and have proven in the past to be wrong, (2) the finance recordkeeping system is antiquated and incorrect, (3) the alien files supporting these bonds are defective and the evidence needed to substantiate a claim is missing, (4) the notices of hearing to obligors are late and inaccurate, and (5) the bonding program is mismanaged. The memorandum further stated that INS officials have no interest in collecting debts because the money goes into the general fund of Treasury and is not returned to INS. As of August 1990, a settlement had not been reached on this case. However, according to an INS Assistant General Counsel, INS feels confident that it has documentation to successfully litigate for \$2.2 million of the amount owed.

In another example, INS sent a demand letter to a bonding company in January 1989 for immediate payment on 83 breached surety bonds. In September 1989, the bonding company notified INS that 28 of the bonds were incorrectly included in the demand letter: 22 of the bonds were written by another company and 6 of the bonds had already been paid. In addition to the remaining 55 bonds, the company's review of its outstanding bonds identified another 23 breached bonds for which it was responsible. The bonding company valued the 78 breached bonds at about \$170,000. In its response to INS the company stated, "... incredibly, the burden had been placed upon us to show INS whom it was that they should be billing." The company proposed a settlement of \$120,000 for the breached bonds. In November 1989, INS accepted the \$120,000, resulting in at least a \$50,000 loss to the government.

INS' collection of breached surety bonds is made more difficult by incomplete alien files. INS' operating units do not maintain the records required to support legal recovery actions. According to INS' Associate General Counsel, incomplete alien files make it difficult, if not impossible, to present a case for litigation. For example, INS is required to notify the

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surety bond company when a bond has been breached. However, this is not being done. In addition, officials from the Office of General Counsel stated that the district offices do not have standard procedures for maintaining accurate records. A July 1989 memorandum from the Office of General Counsel stated that a management decision is needed to ensure that alien files are properly prepared, maintained, and tracked so that supporting billing documents can be prepared when necessary. In the opinion of INS officials, without the necessary documentation, INS cannot successfully litigate cases for collection.

Besides the problem with inadequate data and incomplete alien files, INS' collection of breached bonds is further complicated because it is given low priority by INS' top management. According to several INS' officials, INS district directors are not held accountable for debt collection activities. They regard debt collection as a low priority because INS does not benefit from the funds collected. They are primarily concerned with law enforcement activities. In addition, these officials noted that some INS managers are of the opinion that debt collection is not their responsibility.

Efforts to Develop a Debt
Management System Have
Been Ineffective

Controlling and accounting for millions of dollars in debts without an effective debt management system is a difficult task. As discussed above, INS has had serious problems in maintaining reliable financial data on debts owed the government. In our 1986 report,⁵ we recommended that an effective debt collection system be developed to assist INS' Office of General Counsel in its debt collection efforts. Since INS headquarters, regional offices, and district offices are all involved in debt collection activities, many of these offices have developed their own systems, which has resulted in inefficient collection practices and incomplete information on INS' debt exposure.

INS headquarters has been slow and ineffective in directing the design and implementation of an INS-wide debt management system. In 1983, INS headquarters initiated the development of the General Counsel System. The system was intended to centralize debt collection data and improve the accuracy and reliability of amounts owed, which would provide critical data for legal collection actions. In 1984, the Eastern Regional Office developed and implemented an automated billing system for use in its region. This system met some of the above needs of the

⁵Justice Department: Improved Management Processes Would Enhance Justices's Operations (GAO/ GGD-86-12, March 14, 1986).

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General Counsel System. However, INS continued the development of the General Counsel System. As of April 1990, INS officials told us that the General Counsel System design had been completed and was ready for implementation but it had been placed "on hold" because INS' Regional Offices had become decentralized under the former Acting Commissioner and did not follow headquarters directives. During the past 7 years, INS has expended over \$500,000 on debt management system designs including the General Counsel System. Further, in July 1990, the Comptroller informed us that the eastern region automated billing system, which had been in existence since 1984, will be used INS-wide as an interim debt management system.

Conclusions

For many years, INS has had difficulty billing, collecting, and litigating hundreds of millions of dollars in revenue and debts and has been faced with serious accounting and reporting problems. These problems, in some instances, could result in the loss of millions of dollars. INS lacks procedures and systems to ensure that the full amounts of revenue and debts are collected. For example, INS' collection efforts are hampered because it does not know the total amount of debts due it, including the total amount of breached bonds. Overall, the systems and controls are inadequate, and INS leadership has not made correction of these problems a priority. Managers are not held accountable for debt collection activities, and they view this activity as not directly beneficial to INS. This attitude has to change if INS is to resolve this long-standing problem.

Recommendations

We recommend that the Attorney General direct the Commissioner of the Immigration and Naturalization Service to

- ensure that total fee revenue due the government is collected efficiently and that effective systems are in place to provide reliable information for managing INS' fee programs and
- continue efforts to develop an effective debt collection system and hold managers accountable for maintaining reliable financial data on debts owed the government.

In chapter 3, we recommend that an Associate Commissioner for Financial Management be appointed to provide overall leadership for improving INS' financial management. Because this position would

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include management of revenue and debt collection, the recommendations above should be implemented under the guidance of such centralized leadership.

Financial Management Systems Do Not Meet INS' Stewardship Needs

INS' primary accounting system does not provide management complete and accurate financial information on the results of its program and administrative operations. Also, much of the financial information that is produced is late and unreliable. Thus, INS' financial management systems do not permit adequate stewardship over its resources. INS has acknowledged that its primary accounting system is old and labor-intensive and cannot accurately account for and control its fast-growing resources. Its short-term solution to convert to the Department of Justice's Financial Management Information System is questionable since that system currently cannot meet INS' financial and accounting needs.

In addition, since passage of the Federal Managers' Financial Integrity Act in 1982, INS has not properly reported upon the status of its internal control and accounting system weaknesses. Further, for fiscal year 1989, OMB directed the Department of Justice to report two material weaknesses for INS in its fiscal year 1989 FMFIA report.

Financial Management System Requirements

The Budget and Accounting Procedures Act of 1950 makes the head of each executive agency responsible for establishing and maintaining adequate accounting and internal control structure. These systems must meet the accounting principles, standards, and related requirements prescribed by the Comptroller General. Further, the Federal Managers' Financial Integrity Act of 1982 requires that agency internal control systems be periodically evaluated and that the heads of executive agencies report annually to the President and the Congress on the status of their internal control and accounting systems.

Accounting system standards are published in GAO's Policy and Procedures Manual for Guidance of Federal Agencies. (See footnote 1, chapter 1.) According to these standards, agency accounting systems must be an integral part of the agency's total financial management system and must provide sufficient discipline, effective internal controls, and reliable and useful information.

INS' Financial Management Problems Have Been Previously Reported

Serious financial management problems have severely affected INS' ability to effectively manage and accurately report the results of its program and administrative operations. Since 1984, GAO, Justice's Office of Inspector General (OIG), and the Justice Management Division have issued numerous reports on the serious weaknesses in INS' internal controls and accounting systems. The reported problems included the following.

- In 1984, we reported¹ that INS had delinquent accounts receivable of over \$118 million as of September 1983. We found that INS was not ensuring that these debts owed the government were promptly identified, recorded, billed, and collected. As a result, INS' accounts receivable were understated, and debts were written off which could have been collected.
- In 1986, we reported² that an improved debt collection system would enhance INS efforts to collect delinquent debts owed. In addition, we identified weaknesses in INS' accountability and control over personal property.
- In February 1989, the Justice Management Division reported³ that INS did not maintain adequate control over its financial resources for fiscal year 1988 and could have been in violation of the Anti-Deficiency Act. The report indicated that INS financial records showed, as of February 1989, a \$2.8 million overobligation—more money was spent than was authorized by the Congress—in its salaries and expense appropriation.
- In July 1989, the Justice OIG reported⁴ that INS was highly vulnerable to fraud and abuse because of weak internal controls over payment documents. The report pointed out that unauthorized or fraudulent payments could be made and remain undetected if the internal controls were not strengthened.

Poor Financial Data Impair INS' Ability to Manage

Because serious weaknesses exist in its primary accounting system—the Financial Accounting and Control System—INS managers cannot effectively manage its program and administrative operations. The system does not effectively account for and control INS resources. We found that INS lacks effective control over fund balances and its financial reports do not accurately reflect its financial condition, or provide reliable financial information to management.

¹Opportunities for Immigration and Naturalization Service to Improve Cost Recovery and Debt Collection Practices (GAO/GGD-84-86, July 13, 1984).

²Justice Department: Improved Management Processes Would Enhance Justice's Operations (GAO/GGD-86-12, March 14, 1986).

³Special Audit of the Immigration and Naturalization Service (Justice Management Division, 89-9, February 1989).

⁴Audit of the Obligation and Payment Modules of the Financial Accounting and Control System of the Immigration and Naturalization Service (Justice Office of Inspector General, July 6, 1989).

**Financial Data Reported to
Treasury Are Inaccurate**

INS lacks effective accountability and internal control over millions of dollars in fund balances. As of September 30, 1989, the last fiscal year for which data were available at the time of our review, we found unexpended fund⁵ balance differences of over \$94 million between INS accounting records and the financial reports submitted to Treasury. INS did not know the causes for these differences nor the amount of funds available because it had not performed the required periodic reconciliation.

Federal agencies are required to reconcile their unexpended fund balances with the amounts reported by Treasury. When there are differences, the agency must reconcile its accounting records to determine the reasons for the differences so that its accounting records and/or Treasury's records can be adjusted to show the correct balance. At the end of the fiscal year, Treasury sends each agency a year-end closing statement (commonly referred to as TFS Form 2108) showing the status of the agency's appropriation accounts. Treasury enters the unexpended fund balance that is shown on its records for each appropriation on the TFS Form 2108. This information is derived from data the agency has reported to Treasury in monthly reports during the course of the fiscal year. We found INS reported back to Treasury, on its Statement of Financial Position, the unexpended fund balances provided by Treasury on the year-end closing statement. Further, our review showed that as of September 30, 1989, INS records had over \$40 million less in reimbursable fee accounts than amounts reported to Treasury. Table 3.1 summarizes the differences in each appropriated fund balance and fee account.

⁵The term "unexpended funds" generally refers to the obligated but not disbursed portion of an appropriation. In this context, the term also includes the unobligated portion of the appropriation.

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**Table 3.1: Unexpended Appropriation
 Fund Balances and Fee Account
 Balances as of September 30, 1989**

Appropriation	General ledger^a	TFS Form 2108^b	Difference
1989 salaries and expense	\$147,523,351	\$93,938,024	\$53,585,327
No-year salaries and expense	18,751,230	22,575,475	(3,824,245)
1988 salaries and expense	43,382,426	(20,286,923)	63,669,349
1987-88 salaries and expense	3,101,486	26,709,531	(23,608,095)
1987 salaries and expense	22,101,809	19,311,117	2,790,692
Merged salaries and expense	11,347,265	9,617,129	1,730,136
1985-87 salaries and expense	3,435	292,953	(289,518)
Subtotal	\$246,211,002	\$152,157,356	\$94,053,646
Fee accounts			
Legalization	\$47,832,741	\$59,287,236	\$(11,454,495)
User	3,963,745	33,635,612	(29,671,867)
Examinations	22,527,272	22,257,415	269,857
Subtotal	\$74,323,758	\$115,180,263	\$(40,856,505)
Total	\$320,534,760	\$267,337,619	\$53,197,141

^aData from INS' primary accounting system, the Financial Accounting and Control System.

^bData from Treasury year-end closing statement (trial balance).

According to INS officials, each region is responsible for reconciling its differences with Treasury records, but reconciliations have not been routinely performed in all regions. They stated that reconciliations are generally performed by the Eastern and Northern Regional Offices, but headquarters and the Southern and Western Regional Offices have not been performing the required reconciliations. Further, they stated that no one person is responsible for ensuring that reconciliations are routinely performed as required. Failure to reconcile differences and to identify the causes of these differences leads to inadequate accountability for and control over appropriated funds and a distortion of financial data reported to Treasury.

Our review also disclosed that INS' primary accounting system did not support the fund balances reported to Treasury on its Statement of Financial Position as of September 30, 1989. INS' accounting personnel told us that Treasury's amounts were used rather than the data produced by the primary accounting system because they believed that Treasury's amounts were more accurate. Contributing to this problem, as discussed later in this chapter, is the fact that data are entered into the primary accounting system by the regions at varying times through

the month. As a result, it is difficult to obtain an accurate picture of INS' financial status at any given point in time.

Reliable Financial Management Information Is Not Available

Financial management information provided to INS managers is neither accurate nor prompt and is, therefore, of limited use in decision-making. Managers do not receive the financial management information they need to adequately control funds and evaluate program operations. For example, in a June 1989 transcript of discussions between the Acting Commissioner and the Regional Commissioners regarding the status of INS funds, the Acting Commissioner stated that the INS projected deficit could range from \$5 million to \$52 million. He further stated that at the end of the third quarter, the total deficit for fiscal year 1989 could not be determined.

Also, according to a regional official, the lack of direction from headquarters for entering data into the primary accounting system uniformly precludes management from receiving consistent data on the status of program and financial operations. INS regional offices do not enter obligation data into the primary accounting system consistently. The Eastern Regional Office enters data monthly. Although headquarters and the Northern, Southern, and Western Regional Offices enter data biweekly, exact dates of entry still vary widely. For example, the Southern Regional Office enters data on or around the 8th and 23rd of each month, and the Western Regional Office enters data within 2 to 3 days of receipt from field activities. As a result of these timing differences, managers do not receive accurate and timely reports.

Audited Financial Statements Could Benefit INS

Periodic audits of a complete set of annual financial statements prepared in accordance with the Comptroller General's principles and standards would be an important step toward building and maintaining effective financial control over INS' program and administrative operations. Because of deficiencies in INS' primary accounting system and failure to reconcile key financial data, the information reported on its Statement of Financial Position and produced by its primary accounting system is inaccurate. Financial statement audits help to ensure a proper link among accounting transactions, accounting systems, and financial statements. Audited financial statements would help enhance the reliability of INS' financial data by identifying internal control weaknesses and other system deficiencies.

The Chief Financial Officers Act of 1990 envisions that agencies with commercial functions will annually prepare audited financial statements. INS' fee accounts would be classified as commercial functions under the act's definition. Issuing financial statements would help ensure that the information generated by the accounting systems is accurate and that it is disclosed in accordance with the accounting principles and standards to be observed by federal agencies. Highlighting significant financial events in audited financial statements would provide the Congress and the public the information they need to monitor INS' stewardship and administration of government resources. In addition, annual financial statement audits would provide the organizational discipline needed to develop and maintain accurate and timely internal control and accounting systems.

Efforts to Enhance INS' Accounting System Are Questionable

According to INS officials, its primary accounting system has major shortcomings. Its 1989 Federal Managers' Financial Integrity Act report disclosed that the system has no means of matching obligation documents with receiving reports and invoice data. In addition, it cannot assess interest, administrative charges, and penalties on debts owed. Further, the report indicated that the system does not have adequate controls to prevent overspending.⁶ Coding errors, lack of reconciliations between the primary accounting systems and the subsidiary systems, and backlogs in the entry of data contributed to the inaccuracies in reports generated by the primary accounting system.

INS' March 1989 tactical plan noted that the system cannot efficiently respond to changing information requirements. Moreover, the plan stated that the system is labor-intensive and obsolete. In July 1989, the Acting INS Commissioner decided to convert INS' accounting function to the Department of Justice's Financial Management Information System. According to INS officials, this decision was made without performing a system feasibility study to determine if the system was capable of meeting INS' financial management needs. In November 1989, INS established a project team to work toward accomplishing this conversion, and efforts are underway to complete it.

According to INS officials, because of the limited capacity of the Justice system, it cannot currently support INS' accounting needs as well as its

⁶The lack of adequate controls could result in inadvertent violations of the Anti-deficiency Act (31 U.S.C. 1341).

present system. Further, the Director of the Justice Management Division stated that the Justice's system general ledger module was designed in 1970 and cannot accommodate INS' growing financial management needs. As of August 1990, the general ledger module of Justice's system was being enhanced to meet INS' financial requirements. This module is expected to be operational by January 1991.

An April 1989 report,⁷ prepared by the audit staff of the Justice Management Division, identified several internal control weaknesses in Justice's Financial Management Information System. Specifically, the report disclosed that Justice is exposed to risk that a material error, irregularity, or fraud could occur and be concealed when processing a payment through the system. In addition, the system documentation does not provide management, users, and auditors with an understanding of actual operations. Because of these weaknesses in the Justice system, we do not believe that this system will be able to meet INS' accounting needs.

INS' FMFLA Reports Have Not Been Accurate

Since passage of the Federal Managers' Financial Integrity Act in 1982, INS has not adequately reported on its internal control and accounting system weaknesses. (See footnote 2, chapter 1.) INS' fiscal year 1989 FMFLA report did not adequately disclose all material internal control and accounting system weaknesses. Further, INS has not included field activities in its reviews of internal control and accounting systems. Consequently, users of the FMFLA reports do not have adequate information to determine whether INS' internal control accounting systems are operating as intended and are providing reasonable assurance that the resources entrusted to INS are adequately accounted for.

Material Weaknesses Have Not Been Reported

As discussed in chapter 2, serious weaknesses exist in INS' ability to adequately account for and control millions of dollars of debt owed the government. In March 1988, we reported that stronger internal controls were needed over INS' delivery bond management because of existing weaknesses in that area. (See footnote 5, chapter 2.) We recommended that bond internal control problems be reported as material weaknesses in the INS FMFLA report. However, although these problems remain uncorrected, INS has never reported them as material weaknesses.

⁷Audit Report on the Payment and Obligation Modules in the Financial Management Information System, (Justice Management Division, April 1989).

Also, INS has had other serious financial management problems which were not reported in its annual FMFIA reports. For example, three of its regional offices exceeded their budget allocations in fiscal year 1988 in an aggregate amount of about \$12 million. These problems were not reported until after the Department of Justice audit staff addressed them in a February 1989 report. (See footnote 3.) This Justice report prompted INS to identify one material internal control weakness in its 1989 FMFIA report regarding procedures for controlling certificates of citizenship and naturalization forms. This was the first time that an internal control material weakness had been reported by INS.

In addition, OMB instructed Justice to report two material internal control weaknesses for INS in its 1989 FMFIA report:

- poor security of agency-issued documents and
- inadequate supervision of fee accounts.

As a result, INS had to revise its final report submitted to the Department of Justice to address these two material weaknesses.

Further, in July 1989, the Justice Office of Inspector General reported that INS did not have documentary support for over \$14 million of the \$19 million unliquidated obligations sampled. (See footnote 4.) The report pointed out that significant internal control weaknesses existed in the obligation and payment modules of INS' primary accounting system. It also indicated that unauthorized or fraudulent payments could be made and remain undetected if internal controls were not strengthened. This problem was not reported in the INS fiscal year 1989 FMFIA report as a material weakness.

Field Activities Excluded From Financial Integrity Act Reviews

INS' FMFIA reviews are not comprehensive. For the most part, the information presented in the FMFIA annual report is based upon evaluations performed in INS' Headquarters and problems that have been identified in some OIG audit reports. During our review, the INS Comptroller and regional office officials acknowledged that field activities were not included in the FMFIA review. INS does not provide FMFIA guidelines to the field activities nor request input from them. INS reported in fiscal year 1989 that it has a total of 15 financial management systems. However, INS officials told us that the total number of financial management systems in use throughout the agency is not known.

The involvement of the field activities would help identify internal control and accounting systems weaknesses within INS. For example, a security program assessment in the western region cited inadequate controls over funds, classified information, controlled documents, and seized assets. Such weaknesses are serious and could result in the loss of resources.

INS Lacks Financial Leadership

Leadership for INS' financial management and accounting systems is now vested in the Associate Commissioner for Management. However, the Associate Commissioner for Management has a wide variety of other duties and responsibilities, which makes it difficult for him to establish and maintain a viable financial management structure. His duties include directing and coordinating programs for personnel and training, budget and accounting, contracting and procurement, general services, evaluation, and engineering.

Problems previously reported by GAO, the Justice Management Division, and the Justice OIG, as well as those disclosed during our current review, illustrate that INS

- debt collection efforts are fragmented, and millions of dollars of debts owed the government are uncollected;
- procedures and systems are not in place to effectively account for, control, and collect millions of dollars in fees; and
- financial management systems do not include needed internal controls and cannot be relied upon to provide accurate and reliable information on the results of operations.

In our January 1990 briefing to INS' Chief of Staff and other management personnel, we advised INS to strengthen financial management by establishing an Associate Commissioner for Financial Management. Subsequently, INS' Commissioner included this financial management position as part of his proposed reorganization plan. As of January 1991, the proposal had not been implemented. The Chief Financial Officers Act of 1990 requires that the Department of Justice appoint a Chief Financial Officer to provide overall financial management leadership. The appointment of an Associate Commissioner for Financial Management at INS would be in keeping with the improved centralized financial management envisioned by the act.

To assist the Associate Commissioner for Financial Management, INS needs to develop a comprehensive financial management plan under

which financial systems are designed, maintained, or revised from an agencywide perspective. The Chief Financial Officers Act of 1990 also requires that the Department of Justice develop a departmentwide financial management plan. The INS plan should be developed under this centralized frame work. An overall plan would aid INS management in eliminating duplicative and fragmented system design efforts. Such a plan would identify the magnitude of current financial system problems and establish goals for attaining improved systems. Over time, the plan would provide more continuity in system development projects. In addition, an overall plan would assist in strengthening internal and accounting system controls. It would be useful in monitoring system development projects to ensure they remain on schedule. Further, managing under a realistic and achievable plan would ensure that development efforts result in an overall financial management structure for INS, with systems that are fully compatible.

The OMB 1991 budget revisions required that INS develop a financial management plan for improving its budgeting and accounting systems by February 1, 1990. Although INS met OMB's reporting requirements, the plan submitted did not effectively disclose the various improvement projects that INS currently has underway for its budget and accounting activities throughout the agency.

Conclusions

INS needs an effective financial management structure to help restore fiscal control and ensure the integrity and reliability of its financial management information. The rapid growth in resources over the past 5 years has compounded INS' accounting and financial management problems. These problems are of such magnitude that replacing its primary accounting system is crucial for improving its financial management environment.

INS managers do not receive adequate financial management information to control funds, evaluate the agency's financial status, or facilitate decision-making. The primary accounting system contains inaccurate, incomplete, and old data on items such as allocations, obligations, and expenditures. These weaknesses adversely affect financial reporting and management at all levels and preclude INS from accurately reporting on the results of its operations.

Until INS' systems can produce financial statements that comply with federal accounting standards, the information derived from those systems that goes to the Congress, Treasury, and the public will be misleading. Audited financial statements can be viewed as a report card on agency financial management which points out deficient systems, helps quantify the extent of problems, and highlights what needs to be done to improve the systems.

Eight years have passed since the Federal Managers' Financial Integrity Act became law. INS' annual FMFIA reports have inaccurately portrayed the adequacy of its accounting and internal control systems because (1) material weaknesses have not been reported and (2) the field activities are not included in the evaluation process.

Two elements are critical to help bring about lasting improvements to INS' financial management environment—leadership and a financial management plan. The establishment of a focal point for financial management would provide the leadership needed in INS' top management structure to help correct long-standing financial management weaknesses. In addition, an overall financial management plan would (1) identify the magnitude of current financial system problems, (2) establish goals for attaining improved systems, (3) provide more continuity in systems development projects, and (4) help improve the various ongoing initiatives.

Recommendations

To improve the overall foundation for sound financial management at INS, our report, Immigration Management: Strong Leadership and Management Reforms Needed to Address Serious Problems (GAO/GGD-91-28), recommended that the Attorney General in consultation with the Director, Office of Management and Budget, establish a group of top experts to work with the INS Commissioner to design and implement an effective financial management structure by the end of fiscal year 1991. In conjunction with this recommendation, we recommend that the Attorney General direct the INS Commissioner to appoint an Associate Commissioner for Financial Management who should

- serve as the agency focal point for developing an overall financial management plan for improving systems and integrating INS' financial management structure,
- review INS' financial system requirements and ensure that Justice's Financial Management Information System is able to meet them,

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- adhere to established accounting policies and procedures for performing periodic reconciliations between INS accounting records and internal and external financial reports to determine the causes of differences and the correct amount for fund balances,
- prepare INS' financial statements in accordance with Title 2 and arrange for them to be independently audited on an annual basis, and
- include field activities in the Federal Managers' Financial Integrity Act review process and report all material weaknesses and actions to correct them to Justice for inclusion in the annual report to the President and the Congress.

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