



Highlights of [GAO-03-406](#), a report to congressional committees

Why GAO Did This Study

The U.S. Customs Service is conducting a multiyear, multibillion dollar project, the Automated Commercial Environment (ACE), a new trade processing system that is planned to support effective and efficient movement of goods into the United States. By congressional mandate, Customs' expenditure plans for ACE must meet certain conditions, including being reviewed by GAO. This study addresses whether Customs' latest plan satisfies these conditions and provides observations about the plan and Customs' efforts to implement GAO's open recommendations for improving ACE management.

What GAO Recommends

To ensure that Customs is positioned to effectively manage the acquisition of ACE, GAO is making recommendations to the commissioner aimed at improving Customs' acquisition management capabilities. Customs concurred with GAO's recommendations and described specific actions that it is taking to respond to each.

www.gao.gov/cgi-bin/getrpt?GAO-03-406.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Randolph C. Hite at (202) 512-3439 or hiter@gao.gov.

Automated Commercial Environment Progressing, but Further Acquisition Management Improvements Needed

What GAO Found

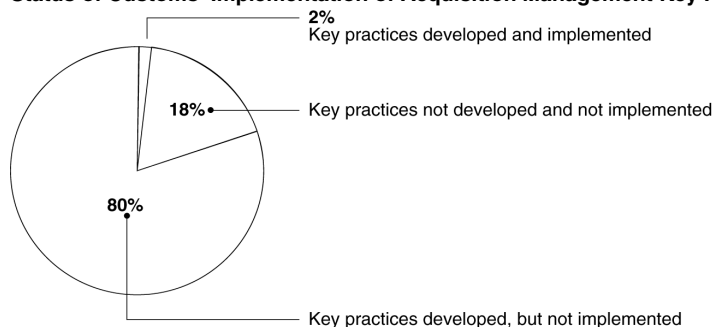
Customs' November 2002 ACE expenditure plan, the fourth in a series of legislatively required plans, provides for certain project management tasks as well as the definition, design, and development of the first release of the second of four planned ACE increments. GAO's analysis of the plan shows that it meets the legislative conditions imposed by the Congress.

In its series of reports on Customs' management of ACE, GAO has made a number of recommendations, which Customs is currently addressing. However, Customs has been slow to correct weaknesses in two areas fundamental to effective acquisition management—people and processes. These weaknesses increase the risk that ACE will be late, cost more than necessary, and not perform as intended.

- While the Customs Modernization Office (CMO) has developed a human capital strategy, neither the strategy nor supporting documentation identifies how the commitments made in the strategy will be met, including what steps will be taken and what resources are needed to execute the steps. Further, based on the strategy's timeline, it will be over a year before the CMO fully implements the strategy.
- Customs' has made slow progress in implementing key acquisition practices, such as project office management and acquisition risk management, which GAO first recommended Customs do in 1999. Since that time many practices have been developed, but almost none of them have been implemented, as shown in the figure below.

Additionally, Customs' ACE contractor is conducting system tests in accordance with best practices, initial test results are positive, and indicators suggest the contractor is delivering a quality product. However, Customs is not employing independent verification and validation (IV&V) in overseeing ACE testing, which is one way to mitigate the acquisition weaknesses cited above. Without IV&V, Customs states that it is relying on the contractor's reputation and maturity level as guarantors of system quality, which is not adequate for a complex and risky program like ACE.

Status of Customs' Implementation of Acquisition Management Key Practices



Source: GAO.