United States General Accounting Office

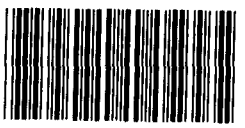
GAO

Report to the Honorable
Brian Donnelly, House of Representatives

May 1992

STATE DEPARTMENT

1991 Immigrant Visa Lottery



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

National Security and
International Affairs Division

B-248123

May 1, 1992

The Honorable Brian Donnelly
House of Representatives

Dear Mr. Donnelly:

In response to your request, we examined how the State Department processed visa applications for the "visa lottery" authorized by the Immigration Act of 1990 (P.L. 101-649). Specifically, we determined (1) why the Department attempted to process the applications in the order they were received, (2) if accepting multiple applications was appropriate, (3) if companies or firms advertised and charged fees to help aliens file applications and other paperwork, and (4) if the Department managed the lottery properly. As requested, we also explored options to prevent firms or companies from charging excessive fees to help aliens file applications and other paperwork for future lotteries.

Background

Section 132 of the Immigration Act of 1990 authorized the State Department to grant 40,000 immigrant visas in each of fiscal years 1992 through 1994 to natives of countries that had been adversely affected by legislation passed in 1965 to reform immigration policies. The 1990 law requires that at least 40 percent of these visas be made available to natives of Ireland. The Department interpreted the Miscellaneous and Technical Immigration and Naturalization Amendments of 1991 (P.L. 102-232), enacted on December 12, 1991, to include applicants from Northern Ireland as natives of Ireland for purposes of the 1992 program. This visa program is commonly referred to as the "AA-1 visa lottery."

The Department established a 1-week period from 12:01 a.m., October 14, to 11:59 p.m., October 20, 1991, for individuals to apply by mail for the AA-1 visas and rented a post office box located in Merrifield, Virginia, to receive the applications. The Department stressed in its instructions to the public that any mail received at its post office box before or after this period would not be processed.

According to the Postal Inspection Service, individuals attempted to mail their applications at times and locations that they believed would improve their chances of having their mail arrive at the Department's post office box at the beginning of the 1-week application period. Accordingly, many traveled to the Merrifield facility on the week before the application period to mail applications. Due to the mail collection schedule at Merrifield,

many applicants targeted 7:00 p.m. on Saturday, October 12, as the best time to mail their applications. The Department hired a private company to process AA-1 applications upon receipt at the Department's post office box.

Results in Brief

Public Law 101-649, as originally enacted, specifically states that visas should be made available in the chronological order in which aliens apply. Postal officials maintain that the public may have misinterpreted the law to mean that the order in which the applications were received at the Merrifield facility would be the order in which they would be processed by the Department of State.

The Department of State established a process through which immigrants would be registered in the chronological order in which the Postal Service delivered the applications to the Department during the application period. However, the process, as administered, did not result in the registration of applicants based on the strict chronological order of receipt from the Postal Service.

Because Public Law 101-649 did not originally limit the number of applications a person could submit, the Department decided to allow people to submit multiple applications. As a result, it appears that individuals who submitted multiple applications were more likely to succeed in the lottery, and some may have spent large amounts of money to submit multiple applications. In addition, the Postal Service was advised by the Department to expect to receive about 5 million applications but actually received about 23.7 million, of which 11.6 million arrived within the application period.

The Department stated before the enactment of Public Law 101-649 that a process that limited each individual to one application and required a random-order selection would make a lottery of this type easier to administer. In December 1991, Congress amended Public Law 101-649 to require the Department to grant visas in fiscal years 1993 and 1994 based on a random selection of qualifying applicants and limit each individual to one application.

Several organizations representing ethnic groups, immigration attorneys, and immigrants' rights reported seeing advertisements and/or hearing of companies and law firms charging fees up to $800 to help aliens submit visa applications. Under a consumer protection statute, the New York City

Department of Consumer Affairs has prosecuted seven companies and firms for misleading advertisements directed at applicants. Similar statutory provisions, if enacted at the federal level, could be used to help curb this type of activity. However, their overall effectiveness would largely depend on international cooperation.

The Postal Service took steps to prevent fraud and mismanagement of the processing of AA-1 mail. Although the Postal Service did not find specific cases of fraud, postal officials acknowledged that they could not dismiss the possibility of fraud.

Law Required Chronological Processing

The Department's interpretation of the law authorizing the AA-1 visa program to mean that applications should be processed in the chronological order in which the Merrifield post office delivered them to the Department was proper. This process was consistent with the language in section 132 of the Immigration Act of 1990 and the process used before immigration laws were amended in 1965. Before the amendments, consular offices established a chronological order of applicants by stamping incoming mail with the year, month, day, hour, and minute of receipt.

Officials at the Department's Bureau of Consular Affairs instructed the post office to deliver the applications in the chronological order in which the mail was processed. Postal facilities are not equipped to keep track of the order in which letters arrive. The postmark that the Postal Service places on each piece of mail provides the date but not the time the mail goes through a postal facility. In addition, the postal facility in Merrifield has 28 machines that cancel and/or process high volumes of incoming mail simultaneously, so it could not keep track of the exact order in which incoming mail was received. Once the mail was canceled and postal employees verified that only AA-1 mail was delivered to the Department's address, postal employees placed it into trays containing about 500 letters each, numbered each tray sequentially as it filled up with applications, and delivered the trays to the Department's post office box. Thus, postal officials said that there was little relation between the exact time a letter arrived at the facility and the order in which it was placed in a tray.

Two officials from the Department were at Merrifield for approximately 2 hours at midnight on Sunday, October 14—the 1-week application period began at 12:01 a.m.—to observe the delivery of the first applications to the Department's post office box. The Postal Inspection Service monitored

how the Merrifield employees handled the first 300,000 letters for the lottery.[1]

Postal Service officials believe that applicants may have incorrectly presumed that the Department would process the applications in the order they were received at the Merrifield facility. Postal Service officials expressed disappointment that the Department did not send representatives to the Merrifield facility on the weekend before the application period to clarify its procedures, answer applicants' questions, and explain to the people mailing applications at the Merrifield facility that the order in which Merrifield received the applications would not necessarily be the same order in which they would be delivered to the Department. Department officials told us that they decided against sending staff to the Merrifield facility on the weekend before the application period because they did not want to interfere with the postal operation and because they believed that the crowds at Merrifield wanted information on how the postal facility, not the State Department, would process the AA-1 mail.

A Department official testified before Congress prior to the enactment of Public Law 101-649 that the use of a process in which successful applicants are selected in random order among all applicants is easier to administer.[2] Officials from the Postal Service and organizations representing immigrants believed that the requirement to process applications in chronological order was not appropriate for the following reasons:

- Applicants who lived in the United States could more easily submit their applications at the beginning of the 1-week application period, giving them an advantage over those who lived elsewhere.
- Applicants were apparently confused as to the definition of chronological order.
- The process was more vulnerable to attempted fraud and error because success depended greatly on the order in which the applications were delivered to the Department.

[1]The Postal Inspection Service operates as the inspector general for the U.S. Postal Service and is its law enforcement arm. Its duties include investigating internal conditions that may affect postal security and effectiveness.

[2]Hearings Before the Subcommittee on Immigration, Refugees, and International Law, 101st Congress, Second Session, on S. 358, H.R. 672, H.R. 2448, and H.R. 2646, Immigration Act of 1989, February 21, 1990, page 63.

Public Law 102-232, enacted in December 1991, amends the AA-1 visa program. Under the amendment, the Department will grant visas in fiscal years 1993 and 1994 based on a random selection among those aliens who qualify during the application period.

The Department Interpreted Law to Permit Multiple Applications

Public Law 101-649 as originally enacted did not limit the number of applications that each person could file for the AA-1 program. We believe that the Department reasonably concluded that the law did not preclude aliens from submitting multiple applications. The Department allowed multiple applications based on (1) the lack of limits in the 1990 law on the number of applications that each individual could mail for the AA-1 program, (2) its interpretation of statutes authorizing previous lotteries, and (3) its belief that allowing multiple applications was more equitable if the law mandated that applications be processed in chronological order.

The Department found that the language of section 132 of the Immigration Act of 1990 closely resembled that of section 314 of the Immigration Reform and Control Act of 1986, which authorized the Department to conduct a lottery to grant visas in 1987 and 1988. Since the 1986 law did not limit the number of applications each individual could submit and the Department had interpreted this as permitting multiple applications, the Department determined the same procedure should be used for the AA-1 lottery. In addition, the Immigration Amendments of 1988 specifically restrict each person to one application for a lottery conducted to grant visas in 1990 and 1991. The Department noted that the Congress had placed this restriction to resolve the problems associated with submitting multiple applications for the lottery conducted under the 1986 law. The Congress also imposed a single application restriction for a separate visa program in section 131 of the 1990 law. The Department suggested that since the Congress did not limit each individual to one application for the AA-1 lottery, it must have intended that multiple applications be permitted.

Moreover, officials from the Department's Bureau of Consular Affairs told us that they believed that allowing multiple applications when the law required them to process them in chronological order gave applicants, including those residing overseas, a better chance of being selected. These officials added that permitting each individual to mail multiple applications—instead of one single application—would reduce the chances of an application being misplaced with other domestic or international mail. The officials also believed that allowing single applications would have left applicants more vulnerable to third parties who advertised their

services to applicants to help them complete applications for the AA-1 program. The officials believed that third parties making overt or implied guarantees of success might advertise the single application requirement as the only chance for their clients to be selected in the lottery.

On the basis of experience with two previous lottery programs, officials at the Department's Bureau of Consular Affairs believed that the AA-1 lottery would generate five to seven million applications. However, the Department actually received about 23.7 million applications: 9.4 million before the 1-week application period, 11.6 million during the application period, and 2.7 million after the period ended. The 12.1 million applications received before and after the application period were stored in a warehouse and destroyed without action after 90 days. The company that the Department hired to process the applications stored the other 11.6 million applications and eventually opened 412,500 of these in the order in which the Postal Service delivered them to the Department's post office box to register the 51,200 successful applicants.[3] The remaining 361,300 were primarily duplicates of the 51,200 selected applicants.

In its December 1991 amendments, Congress amended Public Law 101-649 to limit each alien to one application for the lotteries held to grant visas in fiscal years 1993 and 1994.

Applicants Were Not Registered in Strict Chronological Order

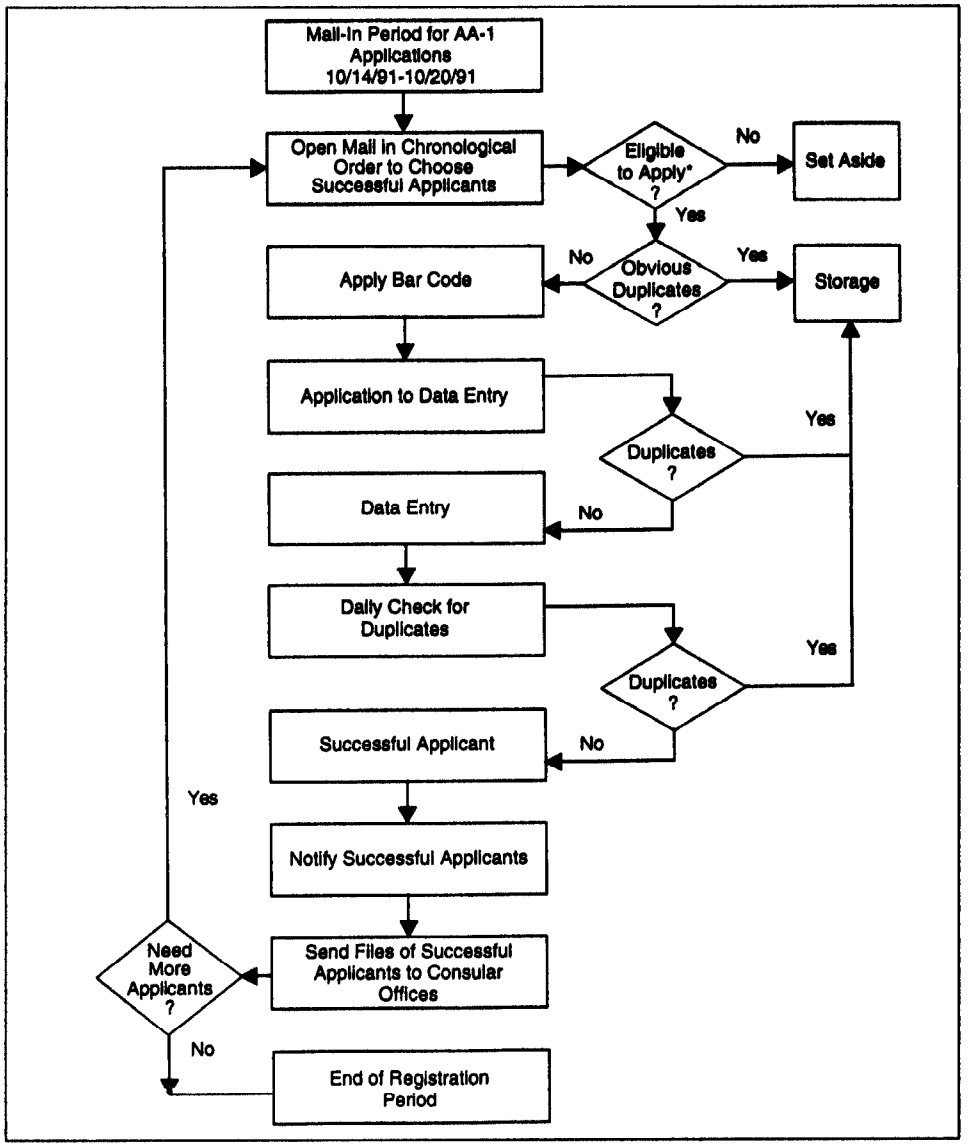
The Department had stated in its instructions to the public and in its proposed and final rules in the Federal Register issued before the application period that applications for the AA-1 program would be registered in the chronological order in which they were received from the Postal Service. The Department also explained in its comments on its proposed and final rules that the language authorizing the AA-1 lottery closely resembled the language in the Immigration Reform and Control Act of 1986, which had also authorized the Department to grant a limited number of visas; registration for the lottery run under the 1986 law was to be based on the chronological order in which the Postal Service delivered the applications to the Department. Both laws are based on the process established to register potential immigrants before immigration legislation was amended in 1965. Before the amendments, consular offices

[3]The 51,200 selected applicants provided a pool from which the Department would select 40,000 visa recipients. The difference of 11,200 allowed for duplicate applications of successful applicants, individuals who could not be reached or did not apply for visas at the U.S. consulates, and ineligible persons.

established a chronological order of applicants by stamping incoming mail with the year, month, day, hour, and minute of receipt of each individual's written intention to emigrate to the United States. We believe that the Department's interpretation of both the 1986 and 1990 laws was proper.

Officials from the Department's Bureau of Consular Affairs explained that the system used to register applicants for the AA-1 lottery was the same as the system used to register applicants under the 1986 law, which the officials maintained had been upheld in two courts of law. The Department hired a company to process the AA-1 applications. Figure 1 shows how the company processed the applications. The contract between the Department and the contractor specified that the applications should be entered into a computer in strict chronological order based on the delivery of the applications to the Department's post office box. Three weeks before the application process began, the Department's Bureau of Consular Affairs and the contractor agreed to an internal control method in which a bar code number would be affixed to each application not found to be a duplicate to help identify and track each successful applicant. The bar code number would correspond to the order in which the Postal Service had placed each application within a tray. The additional step of applying a bar code to each unique application was not part of the system used to register applicants under the 1986 law.

Figure 1: System Used to Process Applications for AA-1 Visas Awarded in Fiscal Year 1992



* An individual is eligible to apply if he/she meets all the following criteria:

(1) The applicant is a native of one of the following countries: Albania, Algeria, Argentina, Austria, Belgium, Czechoslovakia, Denmark, Estonia, Finland, France (including Guadeloupe and New Caledonia), Germany, Great Britain (including Bermuda, England, Gibraltar, Scotland, United Kingdom, and Wales), Hungary, Iceland, Indonesia, Ireland (including Northern Ireland), Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Monaco, Netherlands, Norway, Poland, San Marino, Sweden, Switzerland, Tunisia.

(2) The application is typed or legibly written in the Roman alphabet.

(3) The application includes the applicant's name, country of birth, year of birth, and a mailing address.

The contractor picked up the trays containing the applications from the post office, stored them in warehouses, opened each envelope in the order it was placed in a tray, and screened each application visually to look for obvious duplicates. The contractor opened 412,500 applications to register 51,200 successful applicants—30,000 applications from 30 of the countries whose natives were eligible to apply for visas, plus 21,200 applications from Ireland to comply with the statutory requirement that 40 percent, or 16,000, of the 40,000 visas go to natives of Ireland.[4] The 30,000 successful applicants from countries other than Ireland were identified after 167,500 applications were opened. The need to fill the Irish requirement required a selective search of 225,750 additional applications. If an application was not found to be a duplicate after the initial visual check, the contractor assigned it a bar code number. This bar code number corresponded to the order in which the Postal Service had placed the application within a tray. The contractor entered the bar code number and the rest of the data on the application into its computer data base of successful applicants one tray at a time.

Our review showed that registration of successful applicants for the AA-1 lottery did not occur in the strict chronological order of receipt from the Postal Service. The Bureau of Consular Affairs established chronological order by using the day and time of entry into the computer based on its procedure used on a previous visa lottery conducted under the 1986 law, and the computer issued a case identification number to each successful application based on the day and time of entry. To expedite the registration of successful applicants, 20 contractor employees were assigned to enter the applications of successful applicants into its computer. Because 20 employees were entering information from the same tray simultaneously, officials from the Bureau of Consular Affairs said that the order in which applicants were entered into the computer did not necessarily correspond to the order in which the Postal Service delivered the applications to the Department. Therefore, the Department's procedure, in effect, established a new sequential order. These officials explained that basing the case identification number on the bar code number would have entailed either keying the applications into the computer one by one, which the officials considered to be inefficient and time-consuming, or modifying the computer software to sort the

[4]The 21,200 successful applicants from Ireland include 1,200 successful applicants from Northern Ireland. The Department interpreted an amendment to the 1990 law designating applicants from Northern Ireland natives of Ireland as applying retroactively to the AA-1 lottery held to grant visas in 1992.

applications by the bar code number, which the officials maintained they did not have enough time to do. Moreover, these officials informed us that the registration procedure for the AA-1 lottery is based on that used to register applicants for the lottery authorized under the 1986 law, which two courts of law had upheld as being reasonable and proper.

The officials from the Bureau of Consular Affairs observed that this process would not have affected most of the registered applications, but we reasoned that the Bureau's process to register successful applicants would have affected some of the applications screened toward the end of the registration process. We examined the association of the bar code numbers and the case identification numbers for the last 122 successful applications keyed into the computer before the selective search for Irish applicants. Close association of both numbers would provide assurance that applications were processed in the order the Postal Service delivered them to the Department and that few applicants, if any, were inappropriately excluded. We found the correlation between the two numbers to be near zero, which caused us to reject the existence of a significant association between the bar code and case identification numbers. This confirms that successful applicants were not chosen in the strict chronological order in which the Postal Service delivered the applications to the Department.

We believe that the Bureau's procedures to register successful applications failed to completely meet the Department's interpretation of the law authorizing the AA-1 lottery. In interpreting the law, the Department said that successful applicants would be selected in the chronological order in which the Postal Service delivered the applications to the Department. We believe that the Bureau could have instituted a process where case identification numbers of successful applications corresponded to the order in which the Postal Service delivered the applications to the Department. Our review of the two cases upholding the Department's registration procedures used under the 1986 law shows that although the courts ruled that the Department's procedures implementing the section of the law authorizing the lottery were reasonable, the courts did not directly consider whether the Department properly implemented its regulation about how chronological order would be determined.

Process Used to Handle Duplicate Applications Prevented Testing of Internal Controls

The Department received a large number of duplicate applications for the AA-1 program. The company that the Department hired to process the AA-1 applications had several internal controls to ensure that duplicate applications were accurately identified. The contractor set aside applications that were obvious duplicates when the mail was first opened at its facilities. The other applications were forwarded to the data entry section, where employees verified that applications were not already in the computer data base of registered applicants. At the end of each day of registration, the contractor also verified that there were no duplicates among all the applications entered into the computer.

We attempted to test the contractor's internal controls to determine if it had accurately identified duplicates of successful applicants. In January 1992, we selected 500 unique applications from boxes that were marked as containing duplicates of successful applicants. We compared the name, address, native country, date of birth, and dependents on each application with information from the contractor's computer data base on selected applicants. Seventy-one of the applicants were not in the data base and therefore were not duplicates of successful applicants.

Based on our test, we reached a preliminary conclusion that the internal controls were not sufficient to ensure that duplicate applications were accurately identified. We discussed our preliminary conclusion with Department of State officials in April 1992. The representatives from the contractor explained that the marks on the boxes were not accurate because applications identified as duplicates of successful applicants had been commingled with other applications that could not be processed, such as applications from countries other than Ireland screened at the time of the selective search for Irish applicants. As a result, it was not possible to identify which applications had been identified as duplicates. For this reason, we were unable to perform tests to determine if the contractor had accurately identified duplicate applications.

We believe that the contractor had developed adequate internal control objectives to ensure that duplicate applications of successful applicants were adequately screened. However, the contractor did not have a process to implement these objectives. Given the critical nature of the lottery and the Department's decision to allow multiple applications, we believe that the contractor should have had tested whether duplicates of successful applicants had been correctly identified. This would have entailed storing duplicates of successful applicants separately and taking small samples of

the stored duplicates periodically to ensure that the applications had not been erroneously identified as duplicates.

Some Companies and Law Firms Charged Fees to Help Aliens Apply

The State Department explained in its statements to the public and the media and indicated in its proposed and final rules in the Federal Register that the AA-1 lottery required no special application form. Rather, the request for registration had only to be a sheet of paper with the names, birth dates, and places of birth of the applicant, spouse, and children; a mailing address; and a U.S. consular office to which the Department should send registration information for successful applicants.[5] The Department also required applicants to name the country of origin on the upper left corner of the front of the envelope used to mail the application.

Various groups and individuals commented on the multiple application aspect of the proposed rules published in June 1991. Some groups and individuals believed that, by implying that they could somehow ensure success in obtaining visas, people could charge aliens excessive fees for helping them file multiple applications. The Department stated in its comments on its final rule for the lottery, however, that a program whose success was based primarily on the uncertainties of the postal system created opportunities for companies and firms to make overt or implied guarantees of success. The Department added that limiting aliens to a single application, given the chronological order requirement, could actually have increased the ability of third parties to take advantage of applicants because they could have advertised that limitation as the only chance for aliens to be selected in the lottery.

Department officials said that they were aware of law firms that had offered to help people apply for AA-1 visas and provided information on the services that one firm offered and the fees it charged. An official at the U.S. Consulate in London reported that one U.S. law firm working in Great Britain charged $350 to mail 100 applications per person. The firm claimed that it could significantly enhance aliens' success at selection for visas because of the firm's expert knowledge of the U.S. mail system. If an

[5]A successful applicant is someone who (1) is a native of one of the 34 countries considered to have been adversely affected by the Immigration and Nationality Act Amendments of 1965, (2) submits a piece of paper with the required information or is a dependent of someone who submits this information, and (3) is among the first 51,200 applicants (not including duplicates) registered by the Department within the 1-week period. The Department sent notification letters to the successful applicants and their dependents providing additional registration procedures to apply for visas at U.S. consulates overseas. A successful applicant must complete these additional registration procedures before a visa is provided.

applicant was successful in the lottery, the firm charged an additional $1,600 per client before the firm would release the Department's registration packet to the applicant. Officials from the Department's Bureau of Consular Affairs informed us that successful applicants could notify the Department if they decided to fire the third parties hired to complete the applications, and the applicants' registration forms would be forwarded to the applicants themselves. These officials added that some applicants had taken this course of action.

We asked 32 organizations representing ethnic groups, immigration attorneys, and immigrants' rights if they had heard that companies and law firms had charged high fees to help aliens submit applications. Ten reported that they had seen advertisements and/or heard that companies and law firms had charged fees ranging from $60 to $800 for such help. Some companies and law firms had charged additional fees, ranging from $100 to $1,750 per applicant, if an alien became eligible to obtain a visa. One organization also saw a company's newspaper advertisements that offered to help immigrants obtain employers' sponsorship for fees ranging from $800 to $1,500. According to a representative from this organization, these employers were either nonexistent or had no involvement in the operation.

Actions to Prevent Fraudulent and Misleading Advertisements

The New York City Department of Consumer Affairs prosecuted four companies and three law firms under a New York City consumer protection statute for making advertisement claims that falsely stated or implied that they could enhance success at the lottery or that failed to disclose all terms and conditions. The code authorizes fines for violations. Five of the seven companies and firms settled the cases and paid fines ranging from $250 to $2,000; the other two cases remain open.

According to a representative of an organization representing immigration attorneys, each state's bar association has a code of ethics that prohibits false advertising by members. The American Bar Association and local bar associations also establish guidelines for fees members can charge. However, attorneys are not required to join the American Bar Association.

The Postal Inspection Service can investigate companies and firms that have offered assistance in mailing applications if they guaranteed success in obtaining AA-1 visas. According to a Postal Inspection Service official, such guarantees could constitute mail fraud because they imply that companies or firms have privileged access to the U.S. mail system. The

Service refers such cases to the Department of Justice for prosecution. A Service official said that no cases of this type of fraud had been found in connection with the AA-1 visa program.

Because our survey of 32 organizations is not representative of all worldwide organizations representing ethnic groups, immigration attorneys, and immigrants' rights, we do not have conclusive evidence of a pattern of third parties charging high fees to prepare visa applications. However, to respond to your request that we identify options to curb this type of activity, we examined a number of laws in other areas. We found that statutory provisions can limit the fees attorneys or others can charge to prepare applications and other documents.

Although it is not common in the United States to limit the fees that attorneys or other professionals can charge for their service, some restrictions do exist. For example, fee limitations sometimes are placed on how much attorneys can recover from governmental entities for actions involving those entities. Attorneys' fees are rarely restricted in the private sector, but the American and local bar associations establish fee guidelines.

Although we are not making recommendations on this matter, Congress has the option to enact legislation limiting fees attorneys or others could charge for the preparation of immigration applications and other documents. One major problem with this kind of legislation is the extent to which it would be enforceable outside the United States without implementing international agreements with the countries involved.

Unlike restrictions on attorneys' fees in the private sector, it is not uncommon for the Congress to enact legislation imposing standards of conduct on particular industries to avoid abuses to the public. One example is legislation enacted in 1974 specifically aimed at the real estate industry (P.L. 93-533). The law reformed the settlement process for purchases of real estate to ensure that consumers were protected from unnecessarily high settlement charges. Again, absent implementing agreements with the countries involved, it might be difficult to enforce abroad legislation imposing standards of conduct on attorneys or others who prepare applications and other documents for individuals who wish to emigrate to the United States.

Another possible remedy would be for the Department to direct its consular officials to (1) report improper conduct of attorneys or others to appropriate foreign government officials or foreign bar associations and

(2) maintain a list of attorneys or others who have engaged in improper conduct.

Postal Service Process to Detect Fraud

The Postal Service took steps to prevent fraud and mismanagement of the processing of AA-1 mail and monitored mail processing throughout the application period. The Postal Inspection Service was responsible for ensuring the integrity of the AA-1 program during the time the applications were in the custody of the Postal Service. The Postal Inspection Service had estimated that the Department would have had to open about 300,000 letters to register successful applicants. Accordingly, Service officials provided enhanced security during the 1-week application period by observing the delivery of about the first 300,000 letters to the Department's post office box, but the Department had to go through about 412,500 letters to register the successful applicants. Although the Postal Service did not find specific cases of fraud, postal officials acknowledge that they cannot dismiss the possibility of fraud.

The Postal Service and the Postal Inspection Service took the following additional internal control actions:

- told employees what section they would be working in only after they reported to work;
- issued a unique nine-digit zip code to the State Department's postal box to ensure that all AA-1 applications would be delivered to the box and not to another address;
- verified that only AA-1 mail was delivered to the Department;
- notified postal employees that tampering with the application process was illegal and that they could not process personal mail along with AA-1 mail; and
- prevented the tampering of AA-1 mail by numbering the trays containing AA-1 mail as they arrived at the Department's post office box, inserting the trays into sleeves, placing the trays on pallets, and wrapping the full pallets in plastic.

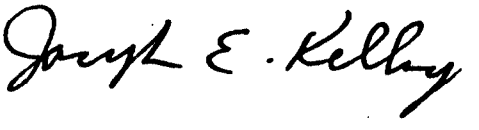
As requested, we did not obtain written agency comments on this report. However, we discussed a draft of the report with officials from the State Department's Bureau of Consular Affairs, the U.S. Postal Service, and the Postal Inspection Service and have incorporated their comments where appropriate. Our scope and methodology are included in appendix I. We

conducted our work between November 1991 and March 1992 in accordance with generally accepted government auditing standards.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 15 days from its issue date. At that time we will send copies to the Secretary of State and appropriate congressional committees. We will also make copies available to others on request.

Please contact me at (202) 275-4128 if you or your staff have any questions concerning this report. Major contributors to this report are Thomas J. Schulz, Associate Director; John L. Brummet, Assistant Director; Maria J. Santos, Evaluator-in-Charge; and Arthur L. James, Jr., Senior Statistician.

Sincerely yours,



Joseph E. Kelley
Director, Security and International
Relations Issues

Objectives, Scope, and Methodology

We interviewed officials at the State Department's Bureau of Consular Affairs, the U.S. Postal Service, the Postal Inspection Service, and the company that processed the AA-1 applications. We also interviewed representatives of organizations representing ethnic groups, immigrants, immigration attorneys, and immigration issues. We selected the organizations from the 1992 edition of the Encyclopedia of Associations and from the organizations that commented on the Department's proposed regulations for the AA-1 program. As requested, we included organizations representing the Estonian, Irish, Latvian, Lithuanian, and Polish communities. We reviewed documents on the Department's procedures to manage the AA-1 visa program and the Postal Service's procedures to handle mail.

To determine the adequacy of the Department's management of the application process, we reviewed the internal controls implemented by the Department and its contractor. We had two objectives: (1) to verify that the Department chose successful visa applicants in the order in which the Department received the applications and (2) to verify that all opened applications marked as duplicates of successful applicants actually were duplicates.

For the first objective, we tested the association, or correlation, of the bar code number, which the Department used to define the order in which it received the applications, with its assigned case identification number, which the Department used to identify the registration order of successful applicants. Close association of the bar code and case identification numbers of the successful applicants would provide assurance that applications were processed in the order the Postal Service delivered them to the Department and that few applicants, if any, were inappropriately excluded. We could not test the contractor's internal control techniques for our second objective because the contractor had commingled applications identified as duplicates with other applications that could not be processed, such as applications from countries other than Ireland, at the time of the selective search for Irish applicants.

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