



An inspection of how Border Force deals with seized drugs, tobacco, alcohol and other materials.

June 2014



John Vine CBE QPM

Independent Chief Inspector of Borders and Immigration



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Our Purpose

We provide independent scrutiny of the UK's border and immigration functions, to improve their efficiency and effectiveness.

Our Vision

To drive improvement within the UK's border and immigration functions, to ensure they deliver fair, consistent and respectful services.

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Foreword from John Vine CBE QPM

Independent Chief Inspector of Borders and Immigration

The Home Office network of Queen's Warehouses performs a vital function in protecting the border, by ensuring the security of seized material including drugs, firearms and excise goods. At any time a large volume of seized goods are stored. The risks associated with storing such high value goods in one place are significant.

I found that once goods were deposited at the warehouses they were stored safely and securely, with each Queen's Warehouse operating an effective system of stock control. However, I found a high number of discrepancies between the records of goods seized and goods received at Queen's Warehouses. This is unacceptable in such a high-risk environment and has the potential to put at risk the prosecution of offenders.

Although constrained by limited IT capability, the Home Office needs to improve the accuracy of its record-keeping. It needs to ensure that the risks of seized goods being lost or stolen, including when they are transported for disposal, are mitigated in order to ensure that any consequential reputational damage is reduced to a minimum. The Home Office also needs to implement national standards to deliver consistent ways of working across all Queen's Warehouses.

I have made six recommendations for improvement.

A handwritten signature in black ink that reads "John Vine .". The signature is written in a cursive, flowing style.

John Vine CBE QPM

Independent Chief Inspector of Borders and Immigration

1. EXECUTIVE SUMMARY

- 1.1 Queen's Warehouses (QWs) are used as secure storage locations for material that has been seized or detained by Border Force, HM Revenue and Customs (HMRC) and the National Crime Agency (NCA). Examples of such seizures include excise goods (cigarettes, tobacco and alcohol), firearms and prohibited drugs. These storage locations are known as Queen's Warehouses because when goods are seized they become 'forfeit to the Crown'.
- 1.2 QW locations are geographically spread across the UK and some have responsibility for the storage of specific goods. Three QWs were chosen for this inspection, based upon the risks associated with managing high-value goods, including illicit drugs, excise goods and cash.

Positive findings

- 1.3 Each QW we inspected operated a good system of stock control and undertook stock-taking audits that provided reassurance as to the quality of their systems. Law enforcement partners were consistent in their praise for the service that QWs provided.
-
- Operated a good system of stock control and undertook stock-taking audits that provided reassurance as to the quality of their systems.*
-
- 1.4 Managers told us they had started to impose new assurance procedures, designed to provide greater confidence in the actions and activities undertaken at each of these locations. It was reassuring to see initiatives designed to impose national standards for QW operations.
- 1.5 It was good practice that where large amounts of excise goods were seized, an automatic 'time-out' process had been adopted if there was to be no prosecution. This reduced the administrative burden on staff and ensured that seized goods could be disposed of within good time and that storage space was kept clear for the constant arrival of newly-seized material.

Areas for improvement

- 1.6 We found that the majority of bulk seized excise goods arriving at Queen's Warehouses contained some sort of discrepancy, relating either to the seals that were used to secure loads or to the paperwork not matching the goods. While QW staff at a local level contacted Case Officers (HMRC or Border Force staff) to address these discrepancies, we were concerned that the risks caused by such poor record-keeping:

It was reassuring to see initiatives designed to impose national standards.

- created opportunities for both Border Force and contractor staff to steal goods;
- adversely affected the important maintenance of an effective audit trail for evidential purposes; and
- had the potential to embarrass and/or damage the reputation of the Home Office.

- 1.7 These risks had been compounded by Border Force, because historically it had failed to implement robust procedures and effective assurance practices to drive down discrepancies and instil an ethos of continuous improvement. As a result, QW staff had failed to grasp the importance of their roles in the evidential chain. They were also unaware of their legislative obligations under the Criminal Procedure and Investigations Act, a finding consistent with other recent inspections of Border Force activity.¹
-
- QW staff had failed to grasp the importance of their roles in the evidential chain.*
-
- 1.8 *Border Force was failing to engage effectively with HMRC.* HMRC was not informed about the frequent errors being made by its staff when seizing excise goods. This was despite detailed statistics being available. This, together with the absence of reliable management information, meant that Border Force was failing to engage effectively with HMRC to improve HMRC's operational performance, which in turn meant that it was unable to reduce the amount of time its staff spent continually chasing up case officers about excise goods discrepancies.
- 1.9 There were significant delays in the timely disposal of seized goods, some of which had been stored for periods in excess of 12 years. While more efficient processes to ensure destruction of goods stored on behalf of Border Force's law enforcement partners were being developed, there was a lack of urgency from within the organisation to quickly dispose of seized goods.
-
- There was a lack of urgency from within the organisation.*
-
- 1.10 Border Force classified seized drugs as having no commercial value when they were due for destruction, and notified the weight and type of goods to the driver of the contracted security company who transported the goods to incinerators. These consignments would have significant value to organised criminal groups, who might view them as an easy target. While Border Force had taken some steps to mitigate this risk, we remain concerned that the steps taken were insufficient. We therefore believe that managers at the highest level should be made aware of the risks that this practice represents, to determine whether they are content with the current disposal arrangements.

¹ <http://icinspector.independent.gov.uk/wp-content/uploads/2014/01/An-Inspection-of-Border-Force-Operations-at-Stansted-Airport.pdf> and <http://icinspector.independent.gov.uk/wp-content/uploads/2013/11/An-Inspection-of-Border-Force-Freight-Operations-FINAL-PDF.pdf>

2. Summary of Recommendations

We recommend that the Home Office:

1. Improves the accuracy of record-keeping to reduce the risks of theft and loss.
2. Ensures that QW staff understand and follow the principles of the Criminal Procedures and Investigations Act 1996 when safeguarding evidence that might be required for prosecution purposes.
3. Improves management oversight of the Queen's Warehouse operation.
4. Ensures that the destruction of seized material takes place promptly.
5. Undertakes a full risk assessment for the destruction of seized goods at remote locations.
6. Ensures that cash is transferred to interest-bearing-accounts where appropriate.

3. The Inspection

Purpose and aim

- 3.1 This inspection examined the efficiency of the Border Force Queen's Warehouse (QW) network in accepting, storing, controlling, releasing and destroying prohibited and restricted material² that has been seized, detained or abandoned. This material had reached the QWs after it had been seized by Border Force, HM Revenue and Customs (HMRC) or the National Crime Agency (NCA). The inspection examined the effectiveness of QW controls and the risks presented by the loss or misappropriation of seized material. It sought to determine whether:
- the procedures for the deposit and removal of material were robustly applied;
 - records were accurate and complete;
 - the destruction of material was conducted securely, efficiently and effectively, particularly where transport and destruction was undertaken by third-party contractors; and
 - management assurance activity in assessing performance and reducing risk was effective.
- 3.2 The inspection also sought to examine whether the QWs were meeting their obligations to the Criminal Procedure and Investigations Act 1996 (CPIA), particularly where questions over the chain or reliability of evidence could be raised and the QW would be uniquely placed to provide proof of these issues to Case Managers and Disclosure Officers involved in civil penalties or prosecution cases.

Background

- 3.3 Border Force inherited the operation of QWs from HMRC in April 2008. However, the IT systems used by QWs are still owned, operated and maintained by HMRC, as is the policy for forfeiture of goods, although staff guidance is produced by Border Force. There is an Operating Protocol between the two organisations that sets minimum standards and responsibilities for each aspect of QW activity. Responsibility for the management of QWs within the Home Office is overseen by Border Force North region. The staff resource for QWs nationally is an allocation of 40 staff, of whom 38.5 were in post (full-time equivalent).

Seizure process

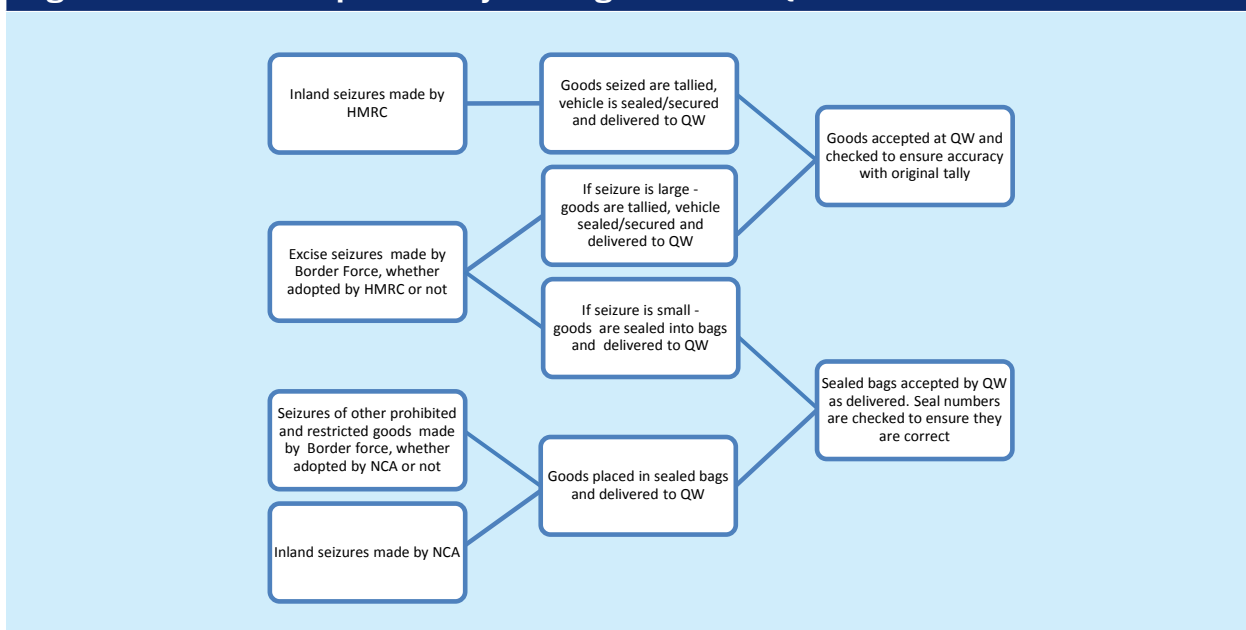
- 3.4 When goods are seized, they are itemised, and then:
- small seizures are placed into sealed bags (up to 15kgs in weight) for deposit with the QW; and
 - large seizures are counted and secured within a vehicle and then transported to the QW.
- 3.5 Large seizures can consist of full shipping containers of seized material. These are counted by Border Force, unless HMRC have taken responsibility for the operation or the goods are seized inland by HMRC teams.
- 3.6 In the case of large consignments, seizing officers count the load (or measure it in different ways,

² Goods that are liable to forfeiture, for example, class A drugs, firearms, excise goods (i.e. tobacco, cigarettes and alcohol).

for example weight, volume, etc.) and complete a 'tally sheet' that shows what the consignment consists of. Each pallet of goods is assigned a uniquely-numbered label and the load is then sealed (i.e. made secure by way of locks and uniquely-numbered tamper-evident seals on the vehicle). Where goods are concealed and it is not considered appropriate to extract them at the point of seizure, they can be sent direct to a Queen's Warehouse. When this occurs, Case Officers must arrange to attend the Queen's Warehouse immediately, to perform this task.

3.7 A contracted third-party transport company is then employed to collect the load and deliver it to a QW, with a copy of the tally sheet. Upon arrival at the QW, a separate third-party contractor, employed to manage the storage of the goods at the QW, checks the seals to ensure that they are intact, opens the load, and then counts the goods again. This is to ensure that the seized items that have reached the QW match the details on the tally sheet and are consistent with the principles of chain of evidence.³ This process is illustrated at Figure 1.

Figure 1: Flowchart of process⁴ by which goods reach QWs



3.8 Any discrepancies identified by the contractor are notified to QW staff. When this happens, the QW will physically store the items, but they are unable to formally accept the deposit of the goods until the discrepancy is resolved and IT records are updated.

3.9 Border Force uses two separate IT systems, owned, operated and maintained by HMRC, to assist in the management of the QWs. They are:

- DLx – a stock management system that allows goods to be accounted for by Border Force; and
- Centaur – a database that also allows goods seized by Border Force and HMRC to be electronically transferred into the care of a QW. It also allows the QW to be notified when the goods are no longer required and can be destroyed.

3.10 The eventual transport and/or destruction of goods are undertaken by third-party haulage contractors, who are required to meet certain security requirements.

³ A chain of evidence shows who obtained the evidence, where and when the evidence was obtained, who secured the evidence and who has had control or possession of the evidence at all times after it has been found.

⁴ 'Adopted' refers to the process by which a separate organisation investigates or prosecutes an offence detected by Border Force

Scope

- 3.11 The inspection examined whether QWs were operating efficiently and effectively. It did not inspect the performance of either HMRC or the NCA, nor did it inspect in depth the performance of any third party contractors. However, the inspection did seek to establish the effectiveness of management assurance and the mitigation of risks associated with third-party transport and disposal of seized goods.

Methodology

- 3.12 The Chief Inspector's inspection criteria⁵ were used to assess the efficiency and effectiveness of the QWs under the themes of:
- Operational Delivery:
 - > Customs and immigration offences should be prevented, detected, investigated and, where appropriate, prosecuted (CPIA issues); and
 - > Resources should be allocated to support operational delivery and achieve value for money.
 - Continuous Improvement:
 - > The implementation of policies and processes should support efficient and effective delivery of border and immigration functions: and
 - > Risks to operational delivery should be identified, monitored and mitigated.
- 3.13 We initially requested details or copies of the following from Border Force:
- extant guidance;
 - audits and stock-taking reports;
 - performance management reports and assurance records;
 - risk assessments;
 - records relating to lost, misplaced and/or stolen material; and
 - deviations from standard practice in the release or destruction of material.
- 3.14 The locations of Border Force QWs were, necessarily, managed with security at the heart of their objectives, based upon the sheer volume and value of prohibited and restricted goods that they held. This report therefore refers to the three QW locations we inspected as QWs A,⁶ B and C, in order to protect Border Force operational security.
- 3.15 We conducted interviews and focus groups with Border Force staff who worked at, or had responsibility for QWs - Figure 2 refers.

⁵ Revised criteria were published in February 2013 and can be found at Annex B or <http://icinspector.independent.gov.uk/wp-content/uploads/2010/03/Inspection-Criteria.pdf>

⁶ QW A currently has two QW locations, one that deals with traditional 'high risk high volume' goods (drugs, etc.), and another that is operated by a contractor to store bulk excise goods and vehicles.

Figure 2: Staff interviewed (by grade)

Grade	Number of staff seen/interviewed
Regional Director (RD) / SCS	1
Assistant Director (AD) / Grade 7	1
Senior Officer (SO)	2
Higher Officer (HO)	3
Executive Officers (EO)	6
Administrative Officer (AO)	9
Total	22

- 3.16 We also interviewed staff from HMRC and the NCA, together with the third-party company contracted to manage some of the QW storage facilities. We undertook an on-site exercise that enabled us to select seized goods at random (20 cases) to identify whether:
- IT records and physical storage of items matched each other; and
 - retained paperwork properly illustrated why goods had not been disposed of.
- 3.17 Following the on-site activity, we requested and subsequently reviewed further management information provided by Border Force. On 24 July 2014 we presented Border Force with high-level emerging findings. The inspection identified six recommendations for improvement.
- 3.18 This report was submitted to the Home Secretary on 30 September 2014.

4. Inspection Findings – Operational Delivery

Customs and immigration offences should be prevented, detected, investigated and, where appropriate, prosecuted

Discrepancies and record-keeping

4.1 During our analysis of Border Force paperwork and statistics, we found instances where bulk excise goods (cigarettes and alcohol) received by two QWs⁷ differed in some way from the paperwork prepared by the operational or investigation staff who had made the initial seizure. These differences were referred to as ‘discrepancies’. Records that we saw demonstrated discrepancies in all of the following circumstances at QWs A and C:

- QWs receiving more or fewer goods than seizure paperwork indicated would be present;
- vehicles not being properly sealed/secured on arrival at QWs, or documentation recording incorrect seal numbers; and
- goods being received that were not as described, e.g. a different product or the wrong brand.

4.2 When discrepancies were identified, QW staff told us there was no established procedure for how this should be managed and guidance was not available setting out what the organisation expected them to do. Instead, they would contact the case officer responsible for the seizure to determine what action they wished to take. This included:

When discrepancies were identified, QW staff told us there was no established procedure for how this should be managed.

- arranging for their staff to attend the QW to undertake a further recount of the goods in order to satisfy themselves as to the correct count; or
- accepting the revised details provided by the contractor and QW.

4.3 We examined data from Border Force and also from the contractor who had identified discrepancies upon arrival at QWs A and C. While both sets of data could be relied upon, the data compiled by the contractor, which was submitted to Border Force monthly, recorded whether the seizing organisation was Border Force or HMRC, whereas the Border Force data did not include this detail.

4.4 The contractor’s data recorded the overall number of discrepancies found, even if there was more than one discrepancy on a single consignment (e.g. both the number of seized goods and the brand name were listed incorrectly). As a result, the number of discrepancies was sometimes higher than the total number of consignments that QWs A and C received. In the

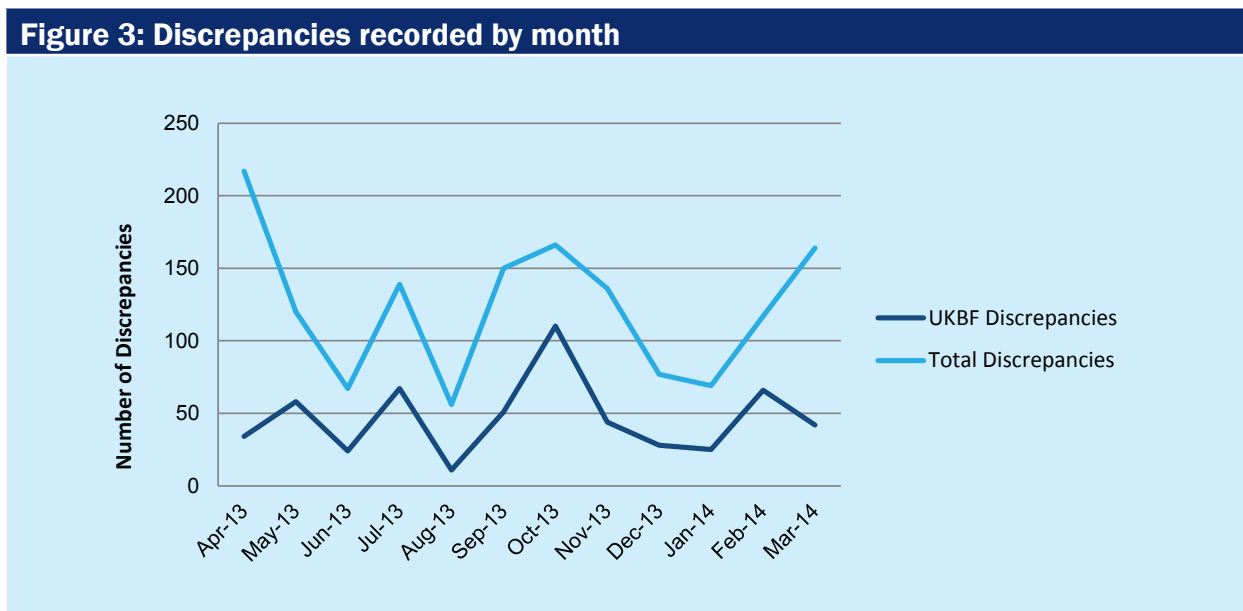
The number of discrepancies was sometimes higher than the total number of consignments.

⁷ QWs A and C – QW B did not accept bulk deposits that needed to be recounted.

financial year 2013/14, we found that:

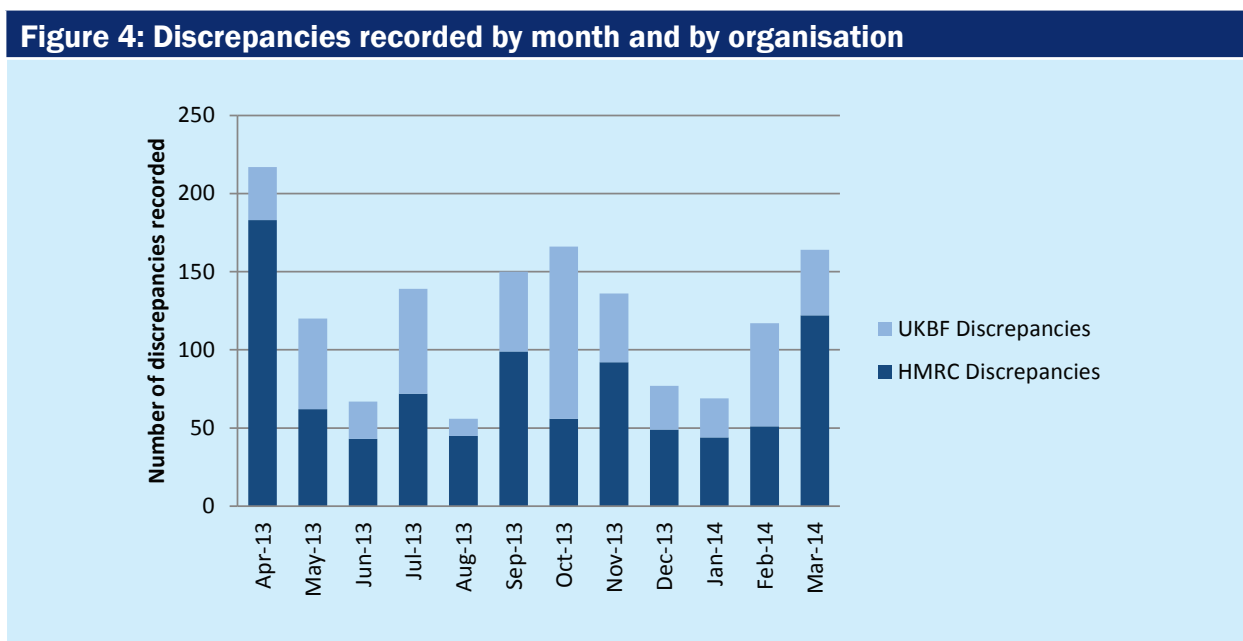
- Border Force had 1,013 consignments with 560 discrepancies; and
- HMRC had 710 consignments with 918 discrepancies.

4.5 The monthly discrepancies recorded against Border Force seizures, as compared to the overall number of recorded discrepancies, are shown at Figure 3.



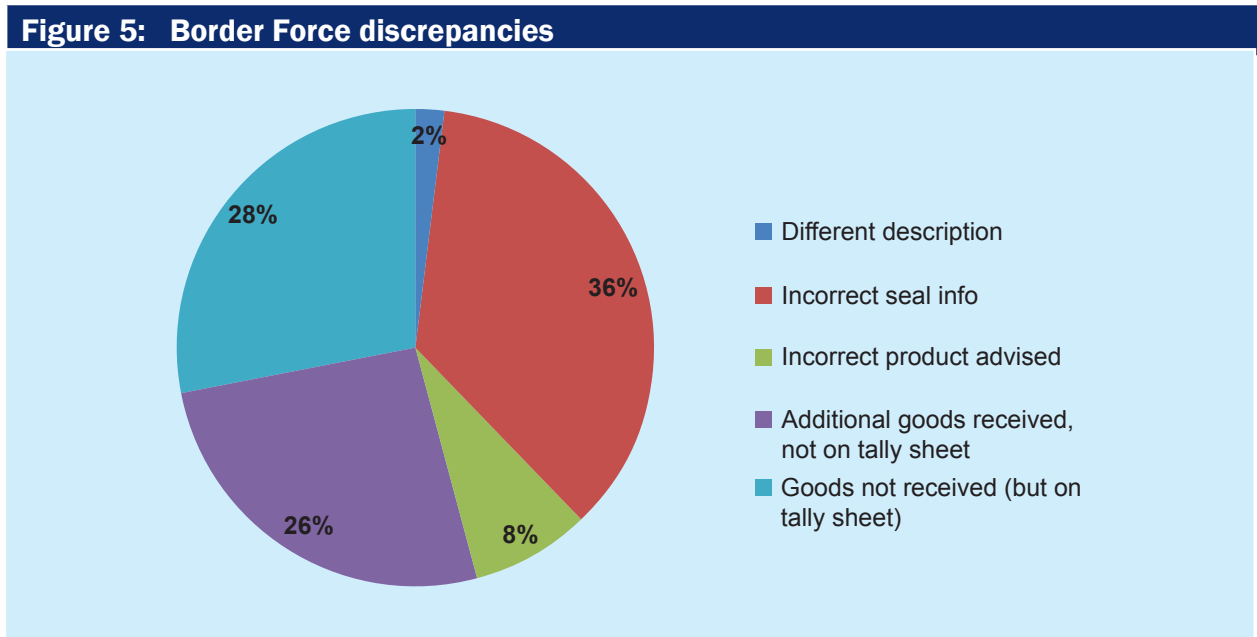
Note: Based on ICIBI analysis of contractor data.

4.6 Figure 4 provides further details of these discrepancies by month, split between Border Force and HMRC.



Note: Based on ICIBI analysis of contractor data.

4.7 We examined the types of discrepancies recorded when Border Force seized bulk excise goods, as represented in Figure 5.



Note: Based on ICIBI analysis of contractor data.

4.8 Our analysis identified that seized excise goods arriving at QWs A and C had discrepancies in the majority of cases. If two of these discrepancies occurred in combination, goods could have been lost or stolen without Border Force or HMRC knowing. For example, if a vehicle was not secured properly and goods were removed from it before it reached the QW, then fewer goods than were expected would have been found. We were concerned to find that no analysis of this combination of discrepancies was undertaken by Border Force and therefore the extent of this risk was not established or mitigated.

Our analysis identified that seized excise goods arriving at QWs A and C had discrepancies in the majority of cases.

4.9 *Poor record-keeping also had the potential to impact upon the reliability of evidence.* The accuracy of records relating to seizures is paramount. We were therefore concerned to find such a high level of discrepancies between the time when excise goods were seized and their arrival at QW A or C. Apart from the risk of loss or theft, poor record-keeping also had the potential to impact upon the reliability of evidence given by seizing officers in prosecution cases. This was extremely concerning, bearing in mind that successful prosecutions rely on an accurate trail of evidence.

4.10 Border Force had no initiatives in place to reduce the number of discrepancies that were occurring, regardless of whether they were caused by its own staff or those of HMRC. There were a number of contributing factors that had resulted in the current state of play, including:

- no upward reporting of discrepancies for management information purposes;
- ineffective management assurance processes; and
- poor engagement with HMRC to drive down discrepancies caused by its staff.

4.11 Queen’s Warehouses are not necessarily concerned with establishing why discrepancies occur; they simply require accurate and reliable information about the goods that they are storing. However, viewing QWs as a component part of an end-to-end criminal justice procedure within law

enforcement organisations, it is crucial that Border Force implements an effective system which identifies areas where performance can be improved and mistakes can be eradicated.

We recommend that the Home Office:

Improves the accuracy of record-keeping to reduce the risks of theft and loss.

Criminal disclosure

- 4.12 Paperwork that has the potential to undermine the reliability of evidence must be disclosed to the prosecutor before a trial takes place, and we were not satisfied that Border Force was meeting this obligation under the Criminal Procedure and Investigations Act 1996⁸ (CPIA). This was because, when discrepancies occurred, there was no guidance describing the process that QW staff should follow. In the absence of such guidance, QW staff would simply contact case officers responsible for seizures to determine what action they wished to take (either accept the revised details provided by the QW or arrange to attend the QW to undertake a further recount).
- There was no guidance describing the process that QW staff should follow.*
- 4.13 If the revised count provided by the contractor and the QW was accepted by the case officer, they would need to request copies of the QW paperwork to show the final agreed count of the goods. If the seizure was related to a prosecution, they would also need to arrange for a witness statement to be taken that provided evidence of the correct seizure details.
- 4.14 Staff at QWs A and C told us that case officers responsible for seizures never requested copies of paperwork detailing discrepancies and rarely attended the QW to establish whether the discrepancy reported to them was correct. We were concerned that, where the details of the seizure were changed to reflect the discrepancy that was found, seizing officers might simply be amending the original records they had created. This could lead to criticism that they had falsified their evidence.
- 4.15 To test this, we selected and examined 20 QW files where discrepancies had occurred. In one of these files we found an email chain between Border Force staff that demonstrated a failure in maintaining an effective chain of evidence – Figure 6 refers.

⁸ <http://www.legislation.gov.uk/ukpga/1996/25/contents>

Figure 6: Case study

The Border Force officer:

- completed tally sheets on 10 December 2013, showing three pallets of seized goods. However, the documentation seen by the QW mistakenly listed one pallet as having two seal numbers instead of a uniquely-numbered pallet label;
- received notice from the QW on 13 December that there was an error in detailing how the load had been secured for chain of evidence purposes, and was advised that the QW would apply a pallet label instead (one that bore a different number from the seals that were originally listed); and
- was advised to update Centaur to remove the original two seal numbers and replace them with the new pallet label number, so that the pallet could be formally received by the QW.

The QW:

- chased the case officer on 23 January 2014 to complete this action, subsequently receiving an assurance that this had been done the same day, thereby allowing the QW to formally receipt these goods.

Chief Inspector's comments:

- The seizing officer whose notebook contained the error was advised by the case officer to simply amend their notes and to amend all other paperwork that related to it – this was unacceptable, because it introduced hearsay evidence that could only be supported by QW paperwork.
- CPIA is clear that any material with the potential to undermine prosecution evidence must be disclosed to the prosecutor. In this instance, the case officer's advice would have resulted in the seizing officer's⁹ evidence not being their own.

- 4.16 Case officers must ensure that records accurately portray items that have been seized and that the evidence they give is their own, not that of others. They should not be amending records solely as a result of information received from someone else, without collecting the relevant material that proves what has taken place.
- 4.17 Where excise goods are seized under difficult and challenging conditions, discrepancies can be made in accurately recording the goods seized which are subsequently identified by QWs. When such errors occur, Border Force must establish a consistent and reliable procedure for QWs to follow, to ensure that the chain of evidence is not compromised.
- 4.18 Nationally, there are 18 QW staff at operational grades (AO, EO and HO). Of these, six had been issued with official Border Force notebooks to record activities that might have related to evidential matters (such as managing discrepancies within loads). Although these six staff (all based at QW C) had notebooks, Border Force had no guidance that dictated whether these notebooks were to be used within QWs or not. Border Force therefore needs to implement standard operating procedures across all of its QWs, to ensure that staff operate in a consistent manner when dealing with discrepancies.
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- Border Force therefore needs to implement standard operating procedures across all of its QWs.*
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- 4.19 Border Force is the only organisation (of the three using QWs) that has no investigative responsibility

⁹ An officer responsible for physically seizing goods, who may not have any case or prosecution management responsibilities

or resources. The Home Office, centrally, told us that ‘*questions about court process and evidence in investigations are not for QW staff or management*’. However, we believe that the QW role remains crucial in securing and preserving evidence to support prosecutions undertaken by Border Force’s law enforcement partners. This was confirmed by HMRC and the NCA, who told us that they expected all Border Force and QW staff to be fully aware of their obligations in managing any material created as a result of errors or discrepancies in the chain of evidence.

The QW role remains crucial in securing and preserving evidence to support prosecutions undertaken by Border Force’s law enforcement partners.

4.20 At the conclusion of our inspection Border Force sent us details of an operational policy that they suggested explained some of the discrepancies relating to quantities of goods received. This policy stated that it was permissible for quantities of bulk excise goods to be estimated at the point of seizure, and then fully counted upon arrival at the Queen’s Warehouse. However, we noted that this policy made reference to practices that we did not see operating during our inspection; specifically, an absence of Border Force teams responsible for the full evidential tallying of bulk excise goods at QWs, after estimates had allegedly been made at the time of seizure. We therefore found it unlikely that this policy was being adhered to due to the absence of any:

- staff undertaking this work at QWs;
- staff making reference to this practice; and
- procedures governing the provision of evidential records to case officers (notebooks and/or witness statements) to meet chain of evidence principles.

4.21 Recent inspections of Border Force freight activity and operations at Stansted Airport highlighted a loss of staff skills and expertise in relation to criminal justice requirements (specifically in relation to CPIA and the Police and Criminal Evidence Act) and for this reason we make the following recommendation.

We recommend that the Home Office:

Ensures that QW staff understand and follow the principles of the Criminal Procedures and Investigations Act 1996 in safeguarding evidence that might be required for prosecution purposes.

Resources should be allocated to support operational delivery and achieve value for money.

DLx IT System

4.22 The IT system used by Border Force to manage seized goods within the QWs was effective (known as ‘DLx’). It was an off-the-shelf warehouse stock management programme that detailed when goods were received, where within the QW they were stored, and when they were removed. It was used to manage stock at each individual QW location, but was not designed to function as a national stock control system.

4.23 We undertook an exercise at QW B where we identified ten separate sealed bags, at random, and then attempted to locate the records for those bags on DLx. We then randomly selected ten records from the DLx system and attempted to find the sealed bags within the QW. In both scenarios, we quickly

and easily met with a 100% success rate. This was a good performance and one for which Border Force should be commended.

- 4.24 We intended to conduct a thorough audit of material that had passed through a QW, from initial receipt to eventual destruction. However, the DLx IT system self-deleted records automatically once material had been recorded as destroyed. We were therefore unable to conduct this exercise.
- 4.25 We found that, on occasions, some staff were using their colleagues' DLx login details when working at QWs away from their home station. This was a breach of Home Office IT rules and should cease immediately, not least because such activity undermined the integrity of the system and introduced vulnerabilities that could have been exploited.
- 4.26 Senior staff told us that the DLx system had become obsolete, because the third-party company that HMRC purchased the system from no longer provided any support for the software package. As a result, no functional amendments or refinements could be made. Border Force was unable to compile management information from DLx or Centaur and so monitoring performance via these systems was impossible.

Border Force was unable to compile management information.

We recommend that the Home Office:

Improves management oversight of the Queen's Warehouse operation.

Centaur IT System

- 4.27 We expected that QW staff would use Centaur¹⁰ to identify when investigations and prosecutions were complete and when seized goods that were no longer required could be disposed of. However, they only had restricted access to Centaur and were unable to see this information. They were therefore reliant on case officers giving them disposal authorisation in a timely manner.
- 4.28 We were told that Centaur restrictions were in place to prevent staff seeing details of ongoing investigations, even though the QW staff we interviewed all had SC¹¹-level security clearance. A previous inspection, into the Home Office's Intelligence Management System,¹² reported the Home Office justifying routine staff access to sensitive information because they were security cleared. It is inconsistent practice for one group of Home Office staff to be afforded access to sensitive information because of their security clearance, while another is denied it despite identical clearance.

¹⁰ Legacy-Customs IT system used by Border Force to collate and manage information and intelligence. Details of seizures made at ports are stored on this system

¹¹ SC is an enhanced level of security vetting, which gives an assurance of an individual's suitability for access to sensitive government information or other valuable assets

¹² <http://icinspector.independent.gov.uk/wp-content/uploads/2014/10/An-inspection-of-the-Intelligence-Management-System-FINAL-WEB.pdf>

5. Inspection Findings – Continuous Improvement

The implementation of policies and processes should support the efficient and effective delivery of border and immigration functions.

Guidance

- 5.1 Guidance was available centrally (via Border Force’s Enforcement Handbook), but local guidance had also been written at different QW locations. This was not always consistent with the central guidance, which Border Force accepted was *‘vague and fragmented’*. As a result, we found that staff ignored the central guidance (which was rendered obsolete as a result), preferring to rely on locally created guidance material.
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- We found that staff ignored the central guidance.*
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- 5.2 These individual guidance documents had been prepared by each QW location and were not shared across the QW network to create consistent national standards. However, we were told that the QW guidance was being re-drafted by a QW member of staff and that this work formed part of a wider piece of work by National Customs Operations to renew and update all necessary guidance.
- 5.3 There is an urgent need for consistency of guidance. For this reason, we refer Border Force to the previous recommendation from our Birmingham Airport report,¹³ which emphasised that there should be *‘a single source of operational guidance that it is maintained and kept up-to-date, incorporating any changes made by Interim Operational Instructions quickly and effectively’*.
- 5.4 Staff had no training directed specifically at their activities within QWs, except for Health and Safety training. This was refreshed annually and was recognised as good practice. However, we saw no assurance records which indicated that Border Force was making attempts to ensure closer adherence to operational procedures, or to mitigate risk, other than on a case-by-case basis as required by individual circumstances. We recognise and commend the recent initiative within Border Force to create a more robust programme of assurance across all aspects of QW activity, and therefore make no recommendation in this area.
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- We recognise and commend the recent initiative within Border Force to create a more robust programme of assurance.*
-

Delays in disposing of seized material

- 5.5 We found that, once goods were stored in QWs, a growing responsibility for QW staff was repeatedly contacting case officers across Border Force, HMRC and the NCA to see whether goods could be disposed of, or whether they had to be retained for a continuing period (e.g. until an investigation had completed). Examples of some items seized in 2011, or before, that were still being stored are

¹³ <http://icinspector.independent.gov.uk/wp-content/uploads/2013/02/Birmingham-Report-FINAL-PDF.pdf>

recorded in Figure 7.

Figure 7: Examples of items seized in 2011 or before			
Item	QW	Date received by QW	Storage Review date
Drug wrappings	B	April 2002	None listed
Heroin woven into rugs	B	May 2008	June 2008
Saab car	A	May 2008	June 2008
Toyota car	A	June 2008	March 2012
80kgs heroin	B	April 2010	None listed
136kgs cocaine	B	November 2011	None listed

5.6 It was disappointing that actions taken to ‘chase’ case officers were undertaken by staff on an individual basis and not recorded in a way that allowed everyone to see what communications had taken place. This presented the possibility that some case officers would be chased frequently, while others not at all. The delay in case officers authorising the destruction of goods is illustrated in Figure 8.

Some case officers would be chased frequently, while others not at all.

Figure 8: Delay in authorising disposal of seized goods

The case officer:

- seized 0.24 tonnes (approx. 530lbs) of cannabis at Tilbury Docks in 2011;
- sent the cannabis to QW B but did not electronically assign the seizure to the QW (and so received no automatic reminders from Centaur to review the need for storage);
- noted on the Centaur record that the case was ‘not adopted’ (indicating that no investigation or prosecution was to be undertaken); and
- did not provide authorisation for the seized cannabis to be destroyed, even though it was not be required as evidence and was not subject to forensic analysis.

The QW:

- issued only infrequent requests to the case officer to identify whether the goods could be destroyed, but received no replies;
- did not escalate these enquiries to senior staff, either within the QW or at the location where the goods were originally seized; and
- continued to store nearly a quarter of a tonne of cannabis without apparent reason, for a period in excess of three years.

Chief Inspector’s comments:

- The failure of the original case officer to authorise destruction of these goods had been exacerbated by the QW not highlighting this failure to managers. As a result, a large seizure of drugs had been stored unnecessarily for an extended period of time and during periods when QWs were reaching full capacity.

- 5.7 Managers told us that the delay in destroying large drug seizures was greater since the inception of the Serious Organised Crime Agency (SOCA) and subsequently the NCA. Previously, when HMRC prosecuted drugs importation offences, it was standard practice to serve a ‘Notice of Bulk Destruction’ on persons charged with drugs offences. This allowed the vast majority of the drugs to be destroyed within 30 days of seizure, while retaining photographs, samples and witness statements to show exactly what had been seized. These items had always been sufficient for the purposes of a criminal prosecution.
- 5.8 This bulk destruction process was not operated by SOCA or the NCA and so entire seized drugs consignments were retained until criminal trials had completed (some larger seizures of cannabis could be measured in multiple tonnes). We understand that organised crime group prosecutions can take a long time and that destruction of key evidence, before all suspects have been charged, requires proper consideration; but extended storage of large seizures had a pronounced impact on QW capacity.
- 5.9 The NCA did not use Centaur and so they lodged seized goods with the QW via paper deposit and receipt files. QW staff sent monthly returns to the NCA with requests for authorisation to destroy older seizures. Border Force remained unaware whether the NCA recipient of the monthly spreadsheet was proactive in requesting disposal authority for older seizures.
- 5.10 There was no Border Force management initiative in place to ensure that its own operational teams were authorising the destruction of seized material as soon as possible. These tasks were only progressed by QW staff located at QW A and C (locations used to store seized cigarettes and alcohol): staff whose normal duties had been overtaken by the burden of ‘chasing’ their colleagues to complete the duties required of them. It is important that Border Force managers ensure that the administrative duties that follow seizures are completed with the same enthusiasm and determination as the operational activity to seize goods.
- 5.11 Border Force needs to ensure that the storage burden on QWs is reduced; particularly when photographs, samples and witness statements may remove the need for the entirety of seized consignments to be retained. Extended retention of large consignments is a burden that drains resources, leads to an ever smaller amount of storage space being available and increases the level of risk associated with each location as the value of the goods stored there spirals ever higher.

Border Force needs to ensure that the storage burden on QWs is reduced.

We recommend that the Home Office:

Ensures that the destruction of seized material takes place promptly.

Security of stored items

- 5.12 Border Force undertook annual stocktakes at QWs and we noted that the discrepancies from these were tiny in comparison to overall QW volumes. When these stocktaking discrepancies arose, Border Force acted quickly to identify whether any errors had been made. This was good performance. Very few items were reported as mislaid during the most recent stocktake at QW A, examples of which are reproduced at Figure 9.

Border Force acted quickly to identify whether any errors had been made.

Figure 9: Lost or mislaid items

Item	How lost	Resolution
Minor loss of tobacco products	Stolen by third-party contractor's employee	Employment terminated
Loss of tobacco while being transported to QW	Allegedly stolen by third-party contractor's driver	Driver employment terminated
Ivory	Incinerated	Had been requested to be retained for exhibition purposes, i.e. no actual loss because destruction had previously been authorised.
Imitation firearm	Believed destroyed	Believed to have been crushed after it was found to be plastic, not metal.

5.13 We subsequently asked for more detail in relation to the imitation firearm. This is illustrated in Figure 10.

Figure 10: Case study

Border Force:

- could not locate an imitation firearm, seized in 2012, that had been stored in QW A and which was supposed to have been transferred to the local police service for destruction;
- concluded that when it had been moved from its original storage location within the QW, it had been identified as being made of plastic rather than metal and had therefore been disposed of by a third-party contractor used to destroy plastic items; and
- had no records that identified the eventual recipient or disposal method of the imitation firearm, or supported the conclusion that was drawn; a conclusion that relied upon 'standard QW practice' being followed.

Chief Inspector's comments:

- While this may have been an isolated incident, I would expect to see greater control over such high-risk items. I was pleased that the QW changed its procedures shortly after this loss was discovered, but it remains of concern that there is still no evidence of where this seized item went.

Risks to operational delivery should be identified, monitored and mitigated.

5.14 QWs did not destroy or dispose of material without the proper authorisation from the case officer. They also adopted a system whereby, if there was no prosecution connected to seized bulk excise goods, they were automatically disposed of within 60 days without formal authorisation being required from the case officer. This was good practice and ensured that storage space was kept available for the constant incoming flow of seized goods.

QWs did not destroy or dispose of material without the proper authorisation from the case officer.

5.15 The NCA and HMRC reported a high level of satisfaction with the performance of the QWs in storing and preserving material for them.

Disposal of high risk items

5.16 Disposal of high-risk goods (e.g. Class A drugs) required the use of a commercial security company to transport the items from QW locations to the point of disposal/incineration. The disposal was witnessed by Border Force officers, who travelled independently to the incineration site, while the company incinerating the drugs would provide a certificate of destruction to allow QW records to be closed.

5.17 To provide value for money and avoid using only partially-full vehicles, QW staff waited until a number of separate drugs seizures were ready for destruction. These were then all loaded into a single security vehicle for transportation under seal to the point of disposal.

5.18 A recent accumulated consignment of drugs, removed from QW B, weighed nearly two and a half tonnes (2,500kg). Border Force placed a 'zero' valuation on these consignments of drugs, classifying them as 'hazardous waste', due to the absence of a legitimate retail market for them. However, when seizing drugs Border Force did assign potential values to seizures, which frequently ran into millions of pounds; Figure 11 refers.

Figure 11: A recent drug seizure case¹⁴

Border Force:

- on 13 January 2014 Border Force officers stopped and searched a Swiss lorry and its load of plastics;
- they found 63 kilos of cocaine in a number of bags in the vehicle's cab; and
- it was estimated that once the drugs were cut and sold on the streets, they would have a potential value running into millions of pounds.

Chief Inspector's comments:

- This case shows the potential value of drug seizures.
- I note that the third-party contractor was not permitted to transport seized cash with a value above £160,000, yet there was no limit to the value of drug consignments.
- It is a matter of concern that the value of seized drugs is not sufficiently taken into account for transportation purposes, especially when the street value would run into millions of pounds.
- I consider that the reputation of the Home Office could be severely damaged if drug consignments being transported were lost due to a road collision or a deliberate attack.

5.19 We found instances where the exact details of the drugs to be transported for incineration were provided to a contracted driver (e.g. one consignment from QW A in mid-2013 comprised 1.5 tonnes of herbal cannabis, cocaine, and heroin). While this contractor was appropriately authorised to transport these prohibited items on behalf of Border Force, we did not understand why the driver was told exactly what was being carried, particularly in view of the black market value associated with the goods. The risk of organised criminal groups discovering this information might be reduced if Border Force did not state exactly what was being carried.

The exact details of the drugs to be transported for incineration were provided to a contracted driver.

¹⁴ <https://www.gov.uk/government/news/border-force-seizes-cocaine-at-dover>

5.20 We believe that full disclosure of the weight and type of drugs being transported across the country by a private company, unescorted by Border Force or armed police, appeared entirely against the principles of risk mitigation. We were not reassured that Border Force had fully considered these risks or mitigated them. Border Force must either be content to accept these risks, ensuring that they are accepted at senior levels within the Home Office, or take action to minimise them.

We were not reassured that Border Force had fully considered these risks.

5.21 A recent change in the incineration of drugs had an impact on QW resourcing. Previously, the incineration point was close to one of the QWs and local staff could easily witness the incineration, no matter which QW had consigned the drugs. A new location was being trialled during our inspection and this meant that staff always had to travel to the incinerator themselves, resulting in a minimum of two staff spending at least four hours travelling, as well as remaining in attendance until the drugs were fully destroyed.

5.22 At one of the QWs we inspected, the removal of two staff for a whole day was a reduction of over 50% of their staff resources, together with the 'knock-on' effect that any excess hours worked had to be taken as 'time off in lieu'. Border Force should include the impact on staff resources when cost/benefit calculations are undertaken for drugs disposal methods and locations.

Disposal of excise goods

5.23 At QW C, the on-site contractor used industrial shredders to dispose of tobacco goods. It is important that the shredder is located away from the perimeter fence, to mitigate risks that might be associated with private companies destroying goods for which a large black market exists, particularly in light of the recorded theft of tobacco products by other contractor staff in the previous 12 months (Figure 9 refers).

5.24 We were told that shortly after our inspection ended, excise goods would instead be disposed of off-site without Border Force staff in attendance. Senior staff told us that the new location was yet to have the full range of security options agreed (remote CCTV, etc.) but that unannounced visits by Border Force staff would prevent the misappropriation of seized goods. We were not convinced that the proposed frequency of assurance visits would be sufficient to guarantee that seized goods would not reach the black market.

We were not convinced that the proposed frequency of assurance visits would be sufficient.

5.25 Border Force could consider establishing the current and future black market share of excise goods in the immediate vicinity of remote destruction locations. This would assist in identifying whether their loss/theft mitigation activity is effective.

We recommend that the Home Office:

Undertakes a full risk assessment for the destruction of seized goods at remote locations.

Cash

5.26 Two of the QWs we inspected had areas dedicated to the storage of seized cash that was suspected of being counterfeit or the proceeds of crime. Border Force guidance dictated that seized cash must be paid into interest-bearing accounts (IBAs) at a bank 'within five days of the first detention order being granted, or on completion of any forensic tests (provided cash is not contaminated) unless:

Border Force guidance dictated that seized cash must be paid into interest-bearing accounts.

- *it is linked to a criminal prosecution and the Crown Prosecution Service has advised that it needs to be preserved as evidence;*
- *the case lawyer has advised that it is needed as evidence in cash detention/forfeiture proceedings; or*
- *at the request of the respondent in any civil proceedings.'*

5.27 IBAs ensure that, if a court establishes that the money was not proceeds of crime, when seized cash is eventually returned to the owner there has been no financial disadvantage. IBAs ensure that the owner also receives the interest that accrued during the period of seizure.

5.28 The Proceeds of Crime Act¹⁵ allows law enforcement organisations to detain cash and other convertible currency (e.g. gold or travellers' cheques), above a minimum value of £1000. This allows a court the time to establish whether it is proceeds of crime. At QW B in February 2014 (the most recent stock-take information available to us), there were approximately 163 sealed bags of cash and valuables being stored, some having been seized as long ago as 2008. Between April 2013 and February 2014 (the period for which statistics were provided), the average number of sealed bags of cash in storage was 146. The largest monthly addition was 77 sealed bags of cash and the largest monthly disposal was 33. We were concerned that cash was not being banked in good time and this was illustrated by one of the older seizures of cash – Figure 12 refers.

Figure 12: Case study

QW B:

- was holding an amount of 600 Euros, that was deposited in 2008;
- had been unable to identify the case officer due to the organisational changes that had taken place at the border in recent years;
- could not find anyone from the seizing team to authorise the disposal of the cash; and
- had not sought local authorisation to dispose of the cash.

Chief Inspector's comments:

- While this is only a small amount of money, I was concerned to find that no actions had been taken to remove or bank this cash, and no manager had been requested to authorise either its disposal, or payment into a bank account.
- The impact on the public purse of the failure to bank seized cash could be significant, if interest payments have to be made should the money currently stored in QWs eventually be returned to the people from which it was seized.

5.29 The failure to use IBAs directly contravened Border Force guidance but, in all cases, this was the responsibility of the seizing officer or case officer, not the QW. However, QW staff did not quickly chase cash disposal authorisations, because cash required less storage space than many of the bulkier seized items. Nevertheless, it is crucial that IBAs are used to mitigate the financial burden that ensues if cash is subsequently returned to its owner. QW staff should be as alive to this risk as they are to the risks associated with QWs reaching their storage capacity.

We recommend that the Home Office:

Ensures that cash is transferred to interest-bearing accounts where appropriate.

¹⁵ <http://www.legislation.gov.uk/ukpga/2002/29/contents>

Annex A: Role & Remit of the Chief Inspector

The role of the Independent Chief Inspector ('the Chief Inspector') of the UK Border Agency (the Agency) was established by the UK Borders Act 2007 to examine the efficiency and effectiveness of the Agency. In 2009, the Chief Inspector's remit was extended to include Customs functions and contractors.

On 20 February 2012, the Home Secretary announced that Border Force would be taken out of the Agency to become a separate operational command within the Home Office. The Home Secretary confirmed this change would not affect the Chief Inspector's statutory responsibilities and that he would continue to be responsible for inspecting the operations of both the Agency and the Border Force.

On 22 March 2012, the Chief Inspector of the Agency's title changed to become the Independent Chief Inspector of Borders and Immigration. His statutory responsibilities remained the same. The Chief Inspector is independent of the UK Border Agency and the Border Force and reports directly to the Home Secretary.

On 26 March 2013 the Home Secretary announced that the UK Border Agency was to be broken up and, under a new package of reforms, brought back into the Home Office reporting directly to Ministers. The Chief Inspector will continue to inspect UK immigration functions previously carried out by the Agency, border Customs functions, and contractors employed by the Home Office to deliver any of those functions.

Annex B: Inspection Criteria

Inspection Criteria
Operational Delivery
1. Decisions on the entry, stay and removal of people should be taken in accordance with the law and the principles of good administration.
2. Customs and immigration offences should be prevented, detected, investigated and, where appropriate, prosecuted
3. Resources should be allocated to support operational delivery and achieve value for money
4. Complaints procedures should operate in accordance with the recognised principles of complaints handling.
Safeguarding Individuals
5. All individuals should be treated with dignity and respect and without discrimination in accordance with the law
6. Enforcement powers should be carried out in accordance with the law and by members of staff authorised and trained for that purpose.
7. All border and immigration functions should be carried out having regard to the need to safeguard and promote the welfare of children.
8. Personal data of individuals should be treated and stored securely in accordance with the relevant legislation and regulations.
Continuous Improvement
9. The implementation of policies and processes should support the efficient and effective delivery of border and immigration functions.
10. Risks to operational delivery should be identified, monitored and mitigated.

Annex C: Glossary

Term	Description
A	
Assistant Director	Senior manager, equivalent to Grade 7.
Assurance	The process by which activities are assessed to ensure that they are compliant with guidelines and the law.
B	
Border Force	Following the separation of Border Force and the UK Border Agency on 1 March 2012, Border Force became a Home Office operational command responsible for Immigration and Customs, including UK passport controls in France and Belgium.
C	
Case Officer	The officer assigned to manage a case when a seizure is made.
Class A drugs	Drugs which are designated as 'Class A' under the Misuse of Drugs Act. The most common Class A drugs are cocaine, ecstasy, heroin, LSD and magic mushrooms.
Chain of Evidence	A series of events which, when viewed in sequence, shows who obtained the evidence, where and when the evidence was obtained, who secured the evidence and who had control or possession of the evidence at all times, after it had been found.
Commodities	Drugs, cigarettes, money.
Criminal Procedure and Investigations Act 1996 (CPIA)	The Criminal Procedure and Investigations Act 1996. This compels the prosecution to record, retain and reveal all material generated during the course of an investigation. Courts may permit non-disclosure of sensitive material but they must first be shown the material in order to allow this.
Crown Prosecution Service	The Crown Prosecution Service is the Government Department responsible for prosecuting criminal cases investigated by the police and other investigating bodies in England and Wales.
Customs and Excise Management Act 1979	One of the legislative acts utilised by Border Force to effect customs controls at the border
Centaur	Legacy-Customs IT system used by Border Force to collate and manage information and intelligence. Details of seizures made at ports are stored on this system.

D	
DLx	IT System used by Border Force staff to manage seized goods while within the QWs.
E	
Executive Officer	Lower management grade, including Officer and Immigration Officer.
Excise goods	Alcohol, tobacco products and mineral oils
G	
Grade 7	Senior manager (also known as ‘Assistant Director’) subordinate to Grade 6, superior to a Senior Officer.
Grade 6	Senior manager, subordinate to the Senior Civil Service, superior to Grade 7.
H	
Her Majesty’s Revenue and Customs (HMRC)	UK government department responsible for Customs and taxation. The HMRC Customs function was one of the legacy organisations that made up the former UK Border Agency. The function is now carried out by Border Force staff at air, rail and sea ports
Higher Officer (HO)	A management grade, subordinate to the Senior Officer, superior to the Immigration Officer. Equivalent grades exist within the Home Office, including Higher Executive Officer and Chief Immigration Officer.
Home Office	The Home Office is the lead government department for immigration and passports, drugs policy, crime, counter-terrorism and police.
I	
Independent Chief Inspector of Borders and Immigration	The role of the Independent Chief Inspector of Borders and Immigration was established by the UK Borders Act 2007 to examine the efficiency and effectiveness of the UK Border Agency and, more recently, Border Force. The Chief Inspector is independent of the UK Border Agency and Border Force and reports directly to the Home Secretary.
Intelligence Management System	Home Office database used for recording and processing allegations concerning immigration or customs offences. These allegations may originate from the public, or via stakeholders such as Crimestoppers or Home Office Staff.
Interest Bearing Account (IBA)	A bank account which pays interest on the money deposited.
M	
Management Information (MI)	Data on the basis of which management decisions can be made.
N	

National Crime Agency (NCA)	The National Crime Agency leads the UK's fight to cut serious and organised crime, strengthen the UK border, fight fraud and cybercrime and protect children and young people from sexual abuse and exploitation
Notebook	An officially-issued notebook that is used to record details of activities undertaken during official duties. Its primary aim is to record notes of evidential activity and events.
Notice of Bulk Destruction	A document used historically by HMRC. It notified an individual charged with drugs offences that unless they made legal representations within 30 days of the date of notice, the vast majority of the drugs would be destroyed.
Q	
Queen's Warehouse (QW)	QWs are used as secure storage locations for material that has been seized or detained by Border Force, HM Revenue and Customs or the National Crime Agency.
R	
Risk Assessment	Process by which Border Force assesses the risk that an operation poses to the public and staff. Will consider factors such as physical or organisational harm being caused, risk of litigation, or adverse community impact, etc. The risk assessment is then used to introduce mitigation to limit or remove the risk. This may include cancelling the operation if the risk is too great.
S	
SC-level security clearance	SC-level security clearance enables Home Office staff to access information and assets marked up to SECRET.
Seal Number	A unique number assigned to a seizure and labelled on all associated consignments.
Serious and Organised Crime Agency (SOCA)	An executive non-departmental public body of the Home Office responsible for proactive operations against serious and organised crime.
T	
Tally Sheet	Document used by seizing officers to record details of a load, including its size and quantity.
U	
United Kingdom Border Agency	The Agency previously responsible for Customs functions at the border. As of 1 April 2013, the Agency was abolished and its functions absorbed into the Home Office.

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