



IMMIGRATION AND NATURALIZATION SERVICE EXPENDITURES CHARGED TO THE ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCES PROGRAM FOR FISCAL YEARS 1997 - 2002

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**IMMIGRATION AND NATURALIZATION SERVICE
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CRIME DRUG ENFORCEMENT TASK FORCES
PROGRAM FOR FISCAL YEARS 1997 - 2002**

EXECUTIVE SUMMARY

The Executive Office (EO) for the Organized Crime Drug Enforcement Task Forces (OCDETF) was created in 1982 to take advantage of multi-agency cooperation and coordination to identify, investigate, and prosecute criminal enterprises engaged in high-level drug trafficking and related enterprises. In December 1986, the Attorney General designated the INS¹ as an OCDETF Program participant. The INS and the other federal agencies participating in the OCDETF Program submit annual operating plans that outline how OCDETF funding will be used. Upon acceptance of these plans, the EO issues reimbursable agreements to each of the participating agencies.

In April of 2000, the General Accounting Office (GAO) initiated an audit into the INS's participation in antigang task forces in the Los Angeles area, including a review of whether OCDETF funds were inappropriately used to support gang-related investigations. As a result of their audit, GAO concluded that seven Los Angeles OCDETF dedicated agents had been reassigned to non-OCDETF cases and that the INS costs related to these agents were erroneously billed to the EO. GAO also tested a sample of the other direct costs billed to the EO and found that 67 percent of the amount tested was used for law enforcement purposes not directly related to OCDETF investigations. GAO also reported that interviews of other INS OCDETF regional coordinators outside of the Los Angeles area indicated that INS OCDETF dedicated agents in their regions were sometimes used for non-OCDETF purposes and that nonpayroll OCDETF funds should be, but were not always, used only for OCDETF cases. Consequently, the Department's Assistant Attorney General for Administration pledged to work with the EO

¹ In March 2003, the INS was abolished and its functions, personnel, and equipment were transferred to the Department of Homeland Security in accordance with the Homeland Security Act of 2002, Public Law 107-296. The former INS was separated into three bureaus - the Bureau of Immigration and Custom Enforcement, the Bureau of Customs and Border Protection, and the Bureau of Citizenship and Immigration Services.

and the INS to recover funds billed for non-OCDEF investigations, and to improve the internal controls over the billings by the INS.

We were engaged by the Office of the Inspector General for the Department of Justice to perform an audit of the expenditures billed by the INS to the EO for the fiscal years 1997 through 2002. The objective of the audit was to determine whether costs submitted by the INS and reimbursed by the OCDEF Program were in accordance with criteria established by the EO.

Consistent with the earlier GAO audit, our audit disclosed that for fiscal years 1999 through 2002, the INS erroneously billed the EO for the salary and related benefit costs of INS OCDEF dedicated agents who reported time on monthly investigation time reports (G-22.12) to non-OCDEF related investigations. Based on our testing, which indicated 10.5 percent of INS's dedicated OCDEF agents' time was spent on non-OCDEF investigations; we project the total amount of non-OCDEF salary and related benefit costs that were charged to the OCDEF Program to be \$3,082,782. Also, an additional \$1,743,308² of salary and related benefit costs were considered unsupported because the requested monthly investigation time reports were not provided to us by the INS. However, neither of these amounts includes salary and related benefit costs for fiscal years 1997 and 1998 because INS officials informed us that retention policies in place within the agency required that monthly investigation time reports only be maintained for a period of three years. Accordingly, we were unable to test any salary and related benefit costs for fiscal years 1997 and 1998 due to the timing of this audit.

We also tested the allowability of the other direct costs the INS billed the EO. Although we did not identify any instances of non-OCDEF other direct costs being billed to the EO, 55 percent or \$1,847,661² of the other direct costs were deemed to be unsupported because (a) we were unable to determine if they were actually for OCDEF-related purposes and/or (b) we were unable to determine if the goods or services had actually been received. Our inability to make this determination was due to a lack of adequate supporting documentation (i.e., either no supporting documentation was provided or the documentation that was provided could

² As explained in Appendix I, Scope and Methodology, only the non-OCDEF costs were projected to the entire population. The unsupported costs represent only the costs of the sample items selected for testing.

not be conclusively associated with the OCDETF Program). Furthermore, we were unable to complete our testing of the fiscal year 2002 other direct costs because the INS informed us that errors in calculating the amount of reimbursable costs were identified and were being corrected at the time this report was drafted.

The following table provides a summary of total questioned costs by fiscal year:

Summary of Questioned Costs

Fiscal Year	Non-OCDETF Costs (a)	Unsupported Costs (b)		Total Questioned Costs	Total Invoiced to OCDETF
	Salary & Benefits	Salary & Benefits	Other Direct Costs		
1997	(c)	(c)	\$ 41,417	\$ 41,417	\$ 10,030,000
1998	(c)	(c)	\$ 69,736	\$ 69,736	\$10,350,000
1999	\$ 781,918	\$ 625,952	\$ 6,806	\$ 1,414,676	\$ 10,719,000
2000	\$ 1,082,291	\$ 254,228	\$ 1,510,889	\$ 2,847,408	\$ 14,980,362
2001	\$ 645,522	\$ 506,792	\$ 218,813	\$ 1,371,127	\$ 15,092,400
2002	\$ 573,051	\$ 356,336	(c)	\$ 929,387	\$ 13,063,000
Total	\$ 3,082,782	\$ 1,743,308	\$ 1,847,661	\$ 6,673,751	\$74,234,762
(a) Non-OCDETF costs are based upon the projection of the error rate identified during the testing of sample items.					
(b) Unsupported costs represent only the costs of the sample items selected for testing.					
(c) Testing was not performed for these years as discussed in Appendix I, Scope and Methodology.					

Our audit was performed in accordance with the performance audit standards specified in the General Accounting Office's, *Government Auditing Standards*, 1994 Revision (Yellow Book) and Standards for Consulting Services issued by the American Institute of Certified Public Accountants.

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BACKGROUND

The Executive Office (EO) for the Organized Crime Drug Enforcement Task Forces (OCDETF) was created in 1982 to take advantage of multi-agency cooperation and coordination to identify, investigate, and prosecute criminal enterprises engaged in high-level drug trafficking and related enterprises. Federal agencies participating in the OCDETF Program submit an annual operating plan that outlines how OCDETF funding will be used. Upon acceptance of this plan, the EO issues reimbursable agreements to the participating agencies that document: (a) the maximum level of reimbursement, (b) references to the law that provides the appropriated funds to the program, and (c) any additional requirements that agencies must adhere to in accepting OCDETF funding.

In November of 1997, the EO developed Program Guidelines that established requirements, fundamental goals, and objectives for the OCDETF Program and enabled the utilization of OCDETF resources to be measured and assessed.³ A key element of the Program Guidelines was the requirement that all funds appropriated for the OCDETF Program be spent in their entirety on OCDETF investigations and prosecutions. Agency reimbursement of the OCDETF Program costs cannot offset revenue of participating agencies' base level funding. On a quarterly basis, participating agencies must submit an invoice to the EO that includes documentation supporting accrued expenditures during the billing period and lists the costs by Federal object classification.

The Attorney General designated the INS as an OCDETF Program participant in December 1986. As a result of this designation, the INS established OCDETF Program Offices in its Washington, D.C. headquarters and nine OCDETF regional locations throughout the continental United States. Since OCDETF investigations require agents experienced in investigating complex drug trafficking cases or cases of a similar nature, INS management assigned approximately 100 INS agents to solely work on the OCDETF investigations. In recognition of the additional experience requirement, the INS established these OCDETF positions at a GS-13 level, which was one pay grade higher than other INS investigators. However, the INS was the only Department of Justice agency participating in the OCDETF Program that specifically chose to designate agents to work solely on OCDETF investigations.

³ The Program Guidelines were subsequently revised in July of 2002.

For fiscal years 1997 through 2001, the INS tracked OCDETF Program obligations and expenditures through its core financial management system, the *Financial Accounting and Control System* (FACS). In fiscal year 2002, the INS began tracking obligations and expenditures in its new core financial management system, the *Federal Financial Management System* (FFMS). The INS established an OCDETF program code to track obligations and expenditures related to OCDETF investigations. All obligations and expenditures were recorded in the financial management system at the transaction level, except for salary and related benefit costs. These costs were maintained in a separate payroll system which produced summary level entries that were then recorded in FACS/FFMS. Exhibit No. 1 displays the amount of reimbursable agreements the EO has entered into with the INS and the amount of obligations/expenditures invoiced by the INS to the EO for the six years under review. The INS submitted invoices based on obligations incurred, not on obligations expended; however, this practice was changed in fiscal year 2002.

Exhibit 1 – Amounts Invoiced

Fiscal Year	Reimbursable Agreement	Invoiced to the EO
1997	\$ 10,030,000	\$ 10,030,000
1998	\$ 10,350,000	\$ 10,350,000
1999	\$ 10,719,000	\$ 10,719,000
2000	\$ 15,300,000	\$ 14,980,362
2001	\$ 15,773,000	\$ 15,092,400
2002	\$ 15,987,000	\$ 13,063,000
Total	\$ 78,159,000	\$ 74,234,762

In each quarter during fiscal years 1997 through 2001,⁴ the INS provided the EO with quarterly billings that, in general, included the following:

- A FACS report that listed, by sub-object classification, the obligations incurred during the quarter. These amounts were extracted from the financial management system’s database using the program code the INS established for tracking OCDETF incurred obligations.

⁴ For fiscal year 2002, INS was required to provide 25% of every dollar of OCDETF costs incurred. See the last paragraph of this *Background* section for a discussion of the INS’s fiscal year 2002 billing methodology and the supporting documentation provided to the EO.

- A memorandum from a senior official within INS’s Office of Financial Management certifying that the obligations had been legally and properly incurred for the OCDETF Program.
- Other miscellaneous system reports or schedules that supported the obligations incurred by the INS.

Exhibit No. 2 displays the financial management system reports provided to the EO as compared to the amounts invoiced to the EO for fiscal years 1997 through 2002.

Exhibit 2 – Amounts Supported by INS’s Financial Management System

Fiscal Year	FACS/FFMS Reports	Invoiced by the INS	Unbilled/(Over Billed) Costs
1997	\$10,030,000	\$ 10,030,000	\$ -
1998	\$11,111,350	\$ 10,350,000	\$ 761,350
1999	\$10,943,627	\$ 10,719,000	\$ 224,627
2000	\$14,980,222	\$ 14,980,362	\$ (140)
2001	\$15,092,400	\$ 15,092,400	\$ -
2002	(d)	\$ 13,063,000	(d)
(d) Finalized FFMS Reports had not been provided when this report was drafted.			

In general, the INS billed the EO for the amounts reported on the FACS Reports. In the fourth quarter of each fiscal year, the INS would determine the total obligations reported in FACS and deduct the amount of reimbursement already received to date.⁵ This amount was compared to the reimbursable agreement amount and the difference was billed to the EO. However, according to the criteria established in the EO’s Program Guidelines, any amounts exceeding reimbursable funding levels had to be paid by the agency’s direct appropriations.

In April of 2000, the General Accounting Office (GAO) began an audit into the INS’s participation in antigang task forces in the Los Angeles area, including a review of whether OCDETF funds were used to support gang-related investigations. In October of 2000, the GAO reported that for much of 1997 and 1998, seven INS agents dedicated to OCDETF were re-assigned to

⁵ Since INS was basing its billings on obligations incurred rather than actual expenditures this methodology accounted for any timely (*i.e.*, within the same fiscal year) upward or downward adjustments of previously billed obligations. However, as discussed later in our report, delayed deobligations of prior year funds required the INS to refund the EO the funds that were not fully expended. For example, in fiscal year 2002 the INS had to refund the EO \$626,917 for previously billed fiscal year 2000 and 2001 obligations that were not fully expended.

non-OCDETF investigations. GAO also found that 67 percent of the other direct costs tested were used for law enforcement purposes not directly related to OCDETF investigations. GAO reported that INS managers had agreed that OCDETF dedicated agents had been reassigned to had been reassigned to non-OCDETF cases and that the INS costs related to these agents were billed to the EO. GAO also reported that interviews with other INS OCDETF regional coordinators outside of the Los Angeles area indicated that INS OCDETF dedicated agents in their regions were sometimes used for non-OCDETF purposes and that nonpayroll OCDETF funds should be, but were not always, used only for OCDETF cases.

The Department's Assistant Attorney General for Administration concurred with GAO's findings and pledged to work with the EO and the INS to recover funds billed for non-OCDETF investigations, and to improve the internal controls over the billings by the INS. Therefore, the objective of this audit was to determine whether the expenditures reported by the INS and reimbursed by the EO were in accordance with criteria established by the EO (i.e., reimbursements were for expenditures incurred for OCDETF investigations).

Another consequence of GAO's audit was reflected in INS's fiscal year 2002 reimbursable agreement with the EO which contained the following provision: *Pursuant to the provisions of the H. Rept. 107-278, the Conference Report on the FY 2002 Department of Justice Appropriations Act, INS is directed to match at least 25 percent of each reimbursable dollar from their direct appropriation on Organized Crime Drug Enforcement Task Force cases before being reimbursed under this agreement. Accordingly, INS shall submit quarterly billings directly to the Executive Office for OCDETF, together with documentation on accrued expenditures, including overburn.⁶ Billings may not be processed electronically.* As a result of this requirement, the INS provided the EO with manually prepared schedules that calculated the costs incurred, including the allocation of indirect or administrative costs that was applied to the matching requirement but not billed to the EO. Although the schedules provided the names, salary, and benefit costs of the INS staff that were being billed to the EO, system-generated reports and other detailed documentation were not provided to support INS's calculations.

⁶ Overburn represents any hours over and above the estimated FTE hours associated with the reimbursable agreement.

AUDIT RESULTS

Questioned Costs

Our review of INS’s OCDETF costs for fiscal years 1997 through 2002 found approximately \$6.7 million of questioned costs. This amount consists of \$3.1 million of non-OCDETF costs and \$3.6 million of unsupported costs that had been billed and paid. These amounts do not include any questioned costs for salary and benefits for fiscal years 1997 and 1998 because supporting documentation was not retained past three years. They also do not include any questioned costs for fiscal year 2002 other direct costs, which could not be tested because INS had not yet finalized their billings for this period. Additionally, the unsupported costs represent only the questioned costs from items actually tested and do not contain any projected error.

Our audit determined that certain INS OCDETF dedicated agents reported time to non-OCDETF related investigation codes on their monthly investigation time reports (G-22.12). However, the full cost of their salary and benefits were billed to the EO contrary to EO’s policy that only OCDETF-related investigation costs are reimbursable. We were unable to determine if all of the other direct costs we tested were for OCDETF related investigations because documentation was not provided or it did not evidence that costs were incurred for an OCDETF related purpose. Exhibit No. 3 provides a summary of questioned costs by fiscal year.

Exhibit No. 3 – Summary of Questioned Costs

Fiscal Year	Non-OCDETF Costs (a)		Unsupported Costs (b)		Total Questioned Costs
	Salary & Benefits		Salary & Benefits	Other Direct Costs	
	Tested	Projected			
1997	(c)	(c)	(c)	\$ 41,417	\$ 41,417
1998	(c)	(c)	(c)	\$ 69,736	\$ 69,736
1999	\$ 321,050	\$ 460,868	\$ 625,952	\$ 6,806	\$ 1,414,676
2000	\$ 400,012	\$ 682,279	\$ 254,228	\$ 1,510,889	\$ 2,847,408
2001	\$ 198,004	\$ 447,518	\$ 506,792	\$ 218,813	\$ 1,371,127
2002	\$ 241,382	\$ 331,669	\$ 356,336	(c)	\$ 929,387
Total	\$ 1,160,448	\$ 1,922,334	\$ 1,743,308	\$ 1,847,661	\$ 6,673,751

(a) Questioned costs consist of the error identified during the testing of sample items and the error from the untested part of the population that is based upon the projection of the error rate identified during the testing of sample items.

(b) Unsupported costs are a subset of questioned costs and represent only the costs of the sample items selected for testing. For fiscal year 2000, other direct costs of \$1.5 million mainly represents INS’s requisition of motor vehicles where receiving reports (invoices) where not provided to support the receipt and final cost of the vehicles.

(c) Testing was not performed for these years as discussed in Appendix I, Scope and Methodology.

Non-OCDEF costs represent salary and benefit costs that we calculated to be related to non-OCDEF investigations, and include both tested and projected costs. Non-OCDEF costs were determined by obtaining monthly investigation time reports for a sample of INS OCDEF agents and if applicable, calculating the agent's full-time regular pay that was related to non-OCDEF investigations. Applying this error rate to the remaining salary and benefit costs (excluding certain exempted full-time regular pay)⁷ of all INS OCDEF dedicated agents, allowed us to project the non-OCDEF related salary and benefits costs that may have been erroneously billed to the EO (see projected column). Unsupported costs represent salary, benefit, and other direct costs (e.g., supplies, transportation, etc.) where we were not able to conclude whether the costs were OCDEF related because sufficient documentation was not provided. In the following sections, we discuss in detail the results of our testing of salary, benefits, and other direct costs for all fiscal years under review.

Salary and Benefits

Non-OCDEF and unsupported costs were calculated based on our testing of INS OCDEF dedicated agents' monthly investigation time reports. Payroll records were not used to determine whether non-OCDEF related time was being reported because INS's payroll records do not track time by investigation. INS personnel are assigned in the payroll system to a program code and, in general, all payroll time reported by INS personnel would be reported in INS's financial records in the program to which the person was assigned. As a result, an INS OCDEF dedicated agent who reported non-OCDEF time on a monthly investigation time report would still have his full salary and benefit costs charged to the OCDEF Program, and ultimately these costs would be billed to the EO.

Our testing of salary and related benefit costs invoiced by the INS to the EO differed depending on the fiscal year under review.⁸ For fiscal years 1997 and 1998, we did not test salary and related benefit costs because INS officials informed us that retention policies in place within the agency required that monthly investigation time reports only be maintained for

⁷ For a more detailed explanation of how the error rate and exempted pay were determined, please see Appendix I, Scope and Methodology.

⁸ For a more detailed discussion of our approach, please see Appendix I, Scope and Methodology.

period of three years. Accordingly, we were unable to test any salary and related benefit costs for fiscal years 1997 and 1998 due to the timing of this audit. Exhibit No. 4 depicts the total non-OCDETF and unsupported salary and benefit costs for the four years we reviewed.

Exhibit No. 4 – Total Non-OCDETF and Unsupported Salary & Benefit Costs

FY	Certainty	Random	Projected	Unsupported	Total
1999	\$ 218,005	\$ 103,045	\$ 460,868	\$ 625,952	\$ 1,407,870
2000	\$ 230,148	\$ 169,864	\$ 682,279	\$ 254,228	\$ 1,336,519
2001	\$ 89,180	\$ 108,824	\$ 447,518	\$ 506,792	\$ 1,152,314
2002	\$ 107,169	\$ 134,213	\$ 331,669	\$ 356,336	\$ 929,387
Total	\$ 644,502	\$ 515,946	\$ 1,922,334	\$ 1,743,308	\$ 4,826,090

The certainty column represents those INS OCDETF dedicated agents that we had identified during the survey phase of our audit as reporting non-OCDETF investigative time on monthly investigation time reports. We selected these agents with certainty because they represented a known population of dedicated agents who had reported non-OCDETF time, and we planned to test whether this was a one-time event or whether these agents consistently incurred non-OCDETF investigation time in each fiscal year. As can be seen in the Appendices, our testing indicated that agents repeatedly incurred non-OCDETF investigation time in each fiscal year.

The random column represents INS OCDETF dedicated agents whom we selected at random to determine whether they reported non-OCDETF investigation time on their monthly investigation time reports. The selected dedicated agents' non-OCDETF investigation time divided by their total time reported represented the error rate that was applied to all INS OCDETF dedicated agents' salary and related benefit costs to project the non-OCDETF related costs that are summarized in the projected column above. Finally, the unsupported column represents the full-time regular payroll costs for those agents we selected for testing (either certainty or randomly) that INS was not able to provide their monthly investigation time reports as support for our testing.

Our review of approximately 50 INS dedicated agents per year identified that for the fiscal years 1999 through 2002, 10.5 percent of INS OCDETF dedicated agents' time was related to non-OCDETF investigations as reported by agents on their monthly investigation time reports. In addition, we were not able to determine whether non-OCDETF investigation time was reported for 13.3 percent of the agents' investigation hours because we were not provided with all of their monthly investigation time reports. Exhibit No.

5 lists the percentages of OCDETF, non-OCDETF, and unsupported time as reported on monthly investigation time reports.

Exhibit No. 5 – Percentage of Investigation Hours by Fiscal Year

FY	OCDETF	Non-OCDETF	Unsupported
1999	67.48%	12.01%	20.51%
2000	76.99%	15.31%	7.70%
2001	77.14%	7.14%	15.72%
2002	85.42%	6.29%	8.29%
Avg	76.11%	10.53%	13.36%

INS officials and regional OCDETF coordinators informed us that it was not unusual for Special Agents In-Charge of INS District Offices to assign INS OCDETF dedicated agents administrative tasks or emergency duty in times of staff shortages or other special circumstances. INS officials stated that these assignments tended to be short in duration and would, in general, not adversely affect the case assignments of INS OCDETF dedicated agents; however, we identified that 64 percent of the INS OCDETF dedicated agents in our sample reported non-OCDETF investigation time. In some instances, agents reported over 40 percent of their total investigation time to non-OCDETF investigations. INS officials also stated that these results might be misleading since some agents may have misreported on their time reports immigration-related duties performed during an OCDETF investigation. However, the INS officials did not provide any documentation to substantiate this claim.

Other Direct Costs

With respect to other direct costs, we selected obligations occurring during the period October 1, 1996 to September 30, 2001 that were either material to the amount of other direct costs in each fiscal year quarter's billing by the INS, or where the obligation had been reported in a certain object-classification. We selected non-representative samples because the amount of other direct costs billed in any one year were immaterial to the overall costs the INS invoiced the EO. The objective of our testing of other direct costs was to determine whether the amounts invoiced to the EO were actually expended by the INS,⁹ and whether they were related to an OCDETF investigation. We did not test other direct costs incurred during fiscal year 2002 because the INS had not finalized their billings to the EO at the time

⁹ Prior to fiscal year 2002 the INS was basing its billings on obligations incurred rather than on actual expenditures.

this reported was drafted. Exhibit No. 6 depicts, by fiscal year, the total unsupported other direct costs for the items we selected for testing.

Exhibit No. 6 – Results of Other Direct Cost Testing

FY	Total Tested	OCEDTF Related	Unsupported
1997	\$ 41,417	\$ -	\$ 41,417
1998	\$ 69,936	\$ 200	\$ 69,736
1999	\$ 6,806	\$ -	\$ 6,806
2000	\$ 1,846,093	\$ 335,204	\$ 1,510,889
2001	\$ 1,397,650	\$ 1,178,837	\$ 218,813
Total	\$ 3,361,902	\$ 1,514,241	\$ 1,847,661

For the majority of the other direct costs we selected for testing, we were not provided with sufficient documentation to allow us to determine if goods or services were actually received by the INS or whether the costs were incurred for an OCEDTF related purpose.¹⁰ For example, most of the documentation provided consisted of obligating documents or credit card statements. There were no invoices, receiving reports, or other documentation evidencing receipt of the goods or services acquired by the INS. Also, the documentation was often annotated with the INS’s program code for OCEDTF costs, but documentation supporting the OCEDTF related purpose of the goods or services acquired was not provided.

We recommend that the EO Director:

1. Determine the appropriate remedy for (a) \$1,160,448 in questioned salary and benefit costs, (b) \$1,922,334 in projected questioned salary and benefit costs, (c) \$1,743,308 in unsupported salary and benefit costs, and (d) \$1,847,661 in unsupported other direct costs.

¹⁰ An obligation is incurred when goods or services are ordered. The estimated cost of the order is recorded in the entity’s financial management system as an undelivered order-unpaid. This process is a control designed to prevent anti-deficiency violations. Upon receipt and acceptance of the goods or service, the obligation is expended in the entity’s financial management system and its status is updated to a delivered order-unpaid. At this point the entity has incurred a cost or expense which is also recorded in the financial management system. When the invoice for the goods or service is received and paid, the obligation’s status is updated to a delivered order-paid. It is important to note that when an obligation is incurred the amount recorded in the financial management system is an estimated amount. This amount is adjusted upward or downward, if necessary, when the obligation is expended or when the invoice is paid.

Improvements Needed in Internal Controls Over INS's OCDETF Billings

As part of our audit objectives, we reviewed both EO's and INS's¹¹ internal controls over the requirements for and preparation of the OCDETF bills. The EO could improve the language of its reimbursable agreements as well as its processes for review and approval of INS invoices. We also noted areas in which INS could amend its practices for preparing quarterly invoices and maintaining supporting documentation.

Management of the INS and the EO is responsible for establishing and maintaining accounting systems and internal control. In fulfilling this responsibility, estimates and judgments are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that: (1) transactions are properly recorded, processed, and summarized; (2) assets are safeguarded against loss from unauthorized acquisition, use, or disposition; and (3) transactions are executed in accordance with applicable laws and regulations. Because of inherent limitations in any internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of INS's billings to the EO, we obtained an understanding of the design of significant internal controls in order to determine the nature and extent of our auditing procedures. Our purpose was not to provide an opinion on INS's or the EO's internal controls; accordingly, we do not express such an opinion.

¹¹ In March 2003 as this audit was being completed, the INS was abolished and its functions, personnel, and equipment were transferred to the Department of Homeland Security in accordance with the Homeland Security Act of 2002, Public Law 107-296. The former INS was separated into three bureaus - the Bureau of Immigration and Custom Enforcement, the Bureau of Customs and Border Protection, and the Bureau of Citizenship and Immigration Services. The Bureau of Immigration and Custom Enforcement assumed responsibility for the former INS's OCDETF Program. However, for consistency and to avoid confusion, we continue to refer to the INS in our recommendations. It should be understood that the Bureau of Immigration and Custom Enforcement will respond to all recommendations requiring action by the former INS.

We noted the following matters that we consider to be reportable conditions under *Government Auditing Standards*. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect INS or EO's ability to meet the internal control objectives described above. Our consideration of internal control would not necessarily disclose all matters that might be reportable conditions.

We identified the following conditions that should be addressed by EO:

The EO's reimbursable agreements with the INS do not include specific requirements that clearly identify the nature and extent of costs that are reimbursable under the agreement.

The EO's reimbursable agreements include information such as the not to exceed amount; agreement term; requirements for submitting documentation; and the estimated number of positions and work years funded by the agreement. In addition, the operating plans submitted by the INS include the amount budgeted by object classification. However, we noted that the agreement does not address the following:

- Indirect costs – whether allocations of INS support staff, management oversight, or other administrative costs are allowable.
- Re-allocation of unobligated funds – whether unobligated funds in one object classification code can be transferred to another object classification code. For example, whether funds for permanent positions could be transferred to supply costs without prior notification/approval.

We noted that prior to fiscal year 2002, the INS did not request reimbursement for indirect costs, mainly because the salary and benefit costs of INS OCDEF dedicated agents and other direct program costs appears to have equaled or exceeded the amount of the reimbursable agreement. In fiscal year 2002, the INS began allocating costs of management and administrative support to the EO as a result of a 25 percent matching requirement imposed by Congress. However, the INS did not actually bill the EO for these indirect costs, but did count them as part of their 25 percent matching requirement.

We also noted that the INS did not re-submit budgets by object classification code or receive approval from the EO when funds were used for purposes other than originally intended. Failure to obtain and approve transfers of funds to other object classifications could affect the accuracy of EO's financial reporting and program performance measurement.

We recommend that the EO Director:

2. Include language in all future reimbursable agreements with the INS that addresses: (a) the specific indirect costs that are allowed to be invoiced and requires detailed schedules to support the calculation of all indirect costs; and (b) whether unobligated funds may be transferred among object classifications, and if allowed, require that EO approval be requested in writing before the INS obligates the funds.

Improvements are needed in the review and approval of quarterly billings by the INS.

The reimbursable agreements with the INS state *...INS shall submit quarterly billings directly to the EO, together with documentation on accrued expenditures...* This requirement establishes the rules of what an acceptable billing should encompass in order for the INS to receive reimbursement for expenditures incurred. We obtained the quarterly bills the INS provided the EO and noted that supporting documentation typically included: a FACS Report for the INS assigned OCDEF program code that listed the total obligations incurred by the INS during that quarter by sub-object classification, a signed statement from an INS finance officer that obligations were incurred for OCDEF related purposes, and other documentation to support the calculation of the amount billed for that quarter. However, documentation was not provided for the following:

- For fiscal years 1999 through 2001, a list of the agents who incurred OCDEF related investigation time, the hours incurred, and the salary costs for each agent during the quarter.
- For fiscal years 1999 through 2001, the assignment of benefit costs to each agent who incurred OCDEF related investigation time.
- Invoices, receiving reports, or other documentation that support the receipt of goods and services, and the OCDEF related purpose for the cost incurred.

- A comparison of costs incurred to budgeted amounts by object classification.

In addition to the above, we noted that for fiscal years 1997 through 2001, the INS billed the EO for obligations incurred, not for actual expenditures, and the EO approved the quarterly billings without exception. The EO was not provided, or did not request, documentation to support whether the obligations established by the INS were completely expended. In fiscal year 2002, the INS refunded the EO \$626,917 for obligations that were not fully expended but were billed to the EO during fiscal years 2000 and 2001.

We recommend the EO Director:

3. Establish requirements in the reimbursable agreement with the INS that requires the following documentation be submitted with each quarterly invoice: (a) a list of the agents who incurred OCDEF related investigation time, the hours incurred, and the salary costs during the quarter; (b) support for the assignment of salary related benefit costs for each agent, and (c) invoices, receiving reports, or other documentation that support the receipt of goods and services, and the OCDEF related purpose for the cost incurred.
4. Issue or revise policy that only permits the reimbursement of expended obligations. The EO should also consider requesting the INS provide an accounting of obligations billed to the EO during fiscal years 1997 to 1999 to ensure that all billed obligations were fully expended.
5. Require the INS to submit with each quarterly invoice a comparison of costs incurred during the quarter, by object classification, to budgeted amounts.

The EO should establish appropriate criteria for documentation to adequately support costs billed by OCDEF Program participants and the record retention period for such documentation.

For fiscal years 1997 and 1998, we did not test salary and related benefit costs because INS officials informed us that retention policies in place within the agency required that monthly investigation time reports only be maintained for period of three years. These reports provide

necessary information to support INS agent's time incurred on OCDETF related investigations.

With respect to most of the other direct cost obligations we selected for testing, INS regional finance offices provided us with documentation that we could not: (a) reconcile to the obligation we selected, (b) determine whether the obligation was fully expended, and/or (c) determine if the costs were incurred for an OCDETF related purpose.

We recommend the EO Director:

6. Require OCDETF participants retain all documentation that supports billings to the EO for a period of six years (e.g., monthly investigation time reports (G-22.12)).¹²

We identified the following conditions that should be addressed by OCDETF Program management of the INS:

Monthly investigation time reports should be used in INS's payroll cost determination to prevent billing of non-OCDETF investigation time to the EO.

The INS assigned an OCDETF related program code to the OCDETF dedicated agents in its payroll system. Bi-weekly, OCDETF dedicated agents submit a timesheet that lists the total hours incurred each day as well as other miscellaneous information; however, specific investigation codes or other OCDETF case information is not required for payroll processing.

In addition to bi-weekly timesheets, OCDETF agents prepare monthly investigation time reports. The investigation time reports require INS agents to track daily, the amount of time spent on specific types of investigation and administrative matters. There are numerous types of investigations codes that are required to be tracked (e.g., smuggling, fraud, OCDETF, etc.) each day. The monthly reports are accumulated by the district offices and then forwarded to a regional office that summarize the

¹² Although OCDETF funds expire at the end of the fiscal year for which they were appropriated, unobligated balances are still available for upward adjustment of existing obligations for the next five years. Any unobligated funds resulting from deobligation of residual balances, disallowances, or lack of need in the participant's OCDETF Program can be transferred to the DOJ WCF prior to the funds canceling at the end of the sixth year. Establishing a minimum record retention policy of six years would ensure that adequate records are maintained to support effective management of DOJ resources.

district office reports and submits them to the INS headquarters where they are consolidated into an agency-wide investigation time report. This report is used to provide information on INS-wide investigation efforts.

However, the monthly investigation time reports are not linked to INS's payroll system and are not used during the billing process. As a result, an OCDETF dedicated agent who was assigned to the OCDETF program code in the payroll system, but who may have reported time to another program code in monthly investigation time reports, would still have his/her entire payroll costs recorded to the OCDETF program code in the payroll system. Ultimately, these costs would be billed to the EO in their entirety even though there was non-OCDETF time reported by the agent.

We recommend the EO Director:

7. Require the INS to submit monthly investigation time reports in conjunction with payroll system reports to support the amount of salary and benefit costs related to OCDETF investigations. If an INS agent not specifically dedicated to the OCDETF Program incurred OCDETF investigation time, we would also recommend that INS be allowed to bill for such time with proper supporting documentation.¹³

¹³ During our audit, INS officials stated that occasionally non-OCDETF agents did support OCDETF investigations; however, we were not provided with any documentation supporting this claim.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance with laws and regulations applicable to the EO and the INS is the responsibility of management. As part of obtaining reasonable assurance about whether the costs incurred by the INS and billed to the EO were for OCDETF related purposes, we reviewed INS's compliance with certain provisions of the EO's, *The Organized Crime Drug Enforcement Task Force Program Guidelines, November 1997* and the EO's *Reimbursable Agreements* with the INS. However, the objective of our audit was not to provide an opinion on overall compliance with such provisions and, accordingly, we do not express such an opinion.

The results of our tests of INS's compliance with the provisions of laws and regulations described in the preceding paragraph disclosed the following instances of non-compliance that we believe are required to be reported under *Government Auditing Standards*:

- During fiscal years 1999 through 2002, the INS billed the EO for salary and related benefit costs of INS OCDETF dedicated agents who reported non-OCDETF investigation time on their monthly investigation time reports.
- For fiscal years 1997 through 2001, the INS billed the EO for obligations incurred instead of obligations expended as required by the annual reimbursable agreements with the INS.
- For fiscal years 1997 through 2002, we were unable to determine if certain salary, benefit, and other direct costs selected for testing were for OCDETF related purposes because documentation was not supplied or did not provide sufficient evidence that obligations were incurred for an OCDETF related purpose.

All significant facts pertaining to the matters referred to above and recommended remedial actions are included in the Audit Results section of this report.

* * * * *

This report is intended solely for the information and use of the Office of the Inspector General, the Assistant Attorney General for Administration, and the Executive Office for the Organized Crime and Drug Enforcement Task Forces. This report is not intended to be and should not be used by anyone other than these specified parties.

APPENDIX I

SCOPE AND METHODOLOGY

Our audit was performed in accordance with the performance audit standards specified in the General Accounting Office's, *Government Auditing Standards*, 1994 Revision (Yellow Book) and Standards for Consulting Services issued by the American Institute of Certified Public Accountants.

We were originally engaged to perform a performance audit of the expenditures billed by the INS to the EO for the fiscal years 1997 through 2000. The objective of the audit was to determine whether the amounts billed by the INS to the EO were in accordance with established criteria, mainly that costs were incurred for matters relating to OCDETF investigations. As a result of our preliminary findings, the EO requested, in January 2003, that we expand our work to include fiscal years 2001 and 2002. The scope of the work we had been engaged to perform as compared to the testing that we were able to complete with the documentation provided by the INS is shown in Exhibit No. 7 below.

Exhibit No. 7 – Scope of Work

Fiscal Year	Salaries		Benefits		Other Direct Costs	
	Engaged	Completed	Engaged	Completed	Engaged	Completed
1997	Yes	No	Yes	No	Yes	Yes
1998	Yes	No	Yes	No	Yes	Yes
1999	Yes	Yes	Yes	Yes	Yes	Yes
2000	Yes	Yes	Yes	Yes	Yes	Yes
2001	Yes	Yes	Yes	Yes	Yes	Yes
2002	Yes	Yes	Yes	Yes	Yes	No

As the table depicts, we were unable to perform testing relating to salaries and benefits in fiscal years 1997 and 1998. In accordance with INS's record retention policies, the monthly investigation time reports which we used to determine whether investigation time was charged to non-OCDETF related matters are not retained more than three years in accordance with INS policy as stated by INS officials. We were also not able to complete our testing on the fiscal year 2002 other direct costs because the INS had informed us that errors in calculating the amount of reimbursable costs were identified and the fiscal year 2002 billings were being revised. The INS was not able to provide us with documentation to support the revisions prior to the issuance of this draft report.

We segregated our work into two distinct phases, a survey phase where we gained an understanding of INS's participation in the OCDETF Program and where we developed our audit plan, and a verification phase where we executed the audit plan developed during the survey phase.

During the survey phase, we confirmed with the OIG, INS management, and the EO the objectives of the engagement, the availability of Department personnel and documents needed to perform our testing, and the internal controls designed to ensure costs incurred and billed by the INS to the EO were related to OCDETF investigations. During this phase we:

- Reviewed the General Accounting Office's Report No. GAO 01-78, *Illegal Aliens – INS Participation in Antigang Task Forces in Los Angeles*, and *The Organized Crime Drug Enforcement Task Force Program Guidelines*, dated November 1997,¹⁴ to assess the impact of these documents on our performance audit and to assist in the development of audit procedures.
- Interviewed management of the INS and EO at their respective Washington, D.C. offices, and we interviewed OCDETF regional coordinators to document the key controls and processes in place to identify, monitor, and accumulate costs associated with OCDETF investigations. We focused our inquiries on investigation time reporting, payroll timekeeping, coding of OCDETF costs, management review and approvals, and billing procedures.
- Performed a site-visit to a local INS district office to gain an understanding of the INS controls and processes at the district office level.
- Selected a non-representative sample of 78 OCDETF dedicated agents and selected one fiscal year quarter for each agent. We then requested each agent's monthly investigation time report for that quarter and determined whether the agent reported any non-OCDETF related investigation time.
- Attempted to select a sample of other direct costs billed to the EO to determine whether the cost was incurred for an OCDETF related investigation; however, the INS was not able to provide system-generated reports or other documentation that listed all of the

¹⁴ The Program Guidelines were subsequently revised in July 2002.

obligations that supported the amounts billed to EO prior to completion of the survey phase.

- Held meetings with the OIG, INS officials, and the EO to discuss the results of our procedures performed during the survey phase and the effect on our planned approach during the verification phase of the audit.
- Provided a summary of the results of the procedures performed during the survey phase.

A key step in the survey phase was the development of an audit program that outlined the procedures we would perform in the verification phase to test whether costs incurred by the INS were for OCDETF investigations. The following procedures performed during the verification phase were discussed with the OIG, INS management, and the EO before any procedures were initiated:

- For each fiscal year, we selected the INS OCDETF dedicated agents that we identified during the survey phase as having reported non-OCDETF investigation time on monthly investigation time reports. Using a random number generator, we then selected an additional 30 INS OCDETF dedicated agents for total test populations of 43 to 51 agents out of a total population of 105 to 114 dedicated agents each fiscal year.
- For each agent selected, we obtained the agent's monthly investigation time reports for the entire fiscal year and determined whether the agent had reported any non-OCDETF related investigation time. We then calculated the percentage of non-OCDETF investigation time and the percentage of unsupported time for each monthly investigative time report that was not provided (see Appendix II).
- We obtained payroll reports from INS's Finance Center that listed the total full-time regular pay (sub-object classification code 1130)¹⁵ for all INS personnel who had been assigned to INS program code 1233, *OCDETF Investigations*. For each fiscal year,

¹⁵ Sub-object classification code 1130, *Full-Time Permanent Appointment* – Regular pay for the prescribed administrative workweek of 40 hours (or alternate work schedule pay period of 80 hours), under permanent appointment. This factor was selected for testing because it is present for all employees in every pay period and generally represents the largest amount of the total costs incurred by the INS.

we compared the total amount reported as full-time regular pay in the payroll system reports to INS's FACS/FFMS Report for sub-object classification code 1130 and noted differences (FACS/FFMS Reports were used by the INS to support the invoices sent to the EO). However, we concluded these differences were immaterial and deemed the amounts reported in the payroll system to be reasonable for purposes of our testing.¹⁶

- For each INS agent selected for testing, we obtained the amount of full-time regular pay (sub-object classification code 1130) and multiplied this amount by the percentage of non-OCDEF investigation time and unsupported time (see Appendix III). We separated the INS agents selected with certainty from the INS agents we selected at random and calculated the percentage of non-OCDEF and unsupported costs for each of these two categories.
- Using the percentage of non-OCDEF costs for INS agents selected at random as calculated in Appendix III, we applied this percentage to the total full-time regular pay for all INS OCDEF dedicated agents except for the following amounts: (1) the full-time regular pay for exempt personnel such as OCDEF regional coordinators, (2) the full-time regular pay for INS agents selected with certainty, and (3) amounts estimated to be unsupported because monthly investigation time reports were not provided. This calculation provided the projected non-OCDEF full-time regular payroll costs for the portion of the population of INS OCDEF dedicated agents subject to random selection (see Appendix IV).
- The projected non-OCDEF full-time regular payroll costs calculated in the prior step was added to the non-OCDEF costs of INS OCDEF dedicated agents we selected with certainty. This combined total was divided by the total full-time regular payroll costs for both populations to arrive at a weighted average non-OCDEF cost rate for the entire population of dedicated agents' full-time regular pay (see Appendix IV).
- Except for fiscal year 2002, the weighted average non-OCDEF cost rate for the entire population of dedicated agents' full-time regular pay was applied against all of the salary and benefit amounts billed by the

¹⁶ As previously discussed, all obligations and expenditures were recorded in FACS/FFMS at the transaction level, except for salary and related benefit costs. The transaction level salary and benefit cost detail was recorded in the payroll system, which produced summary level entries that were then recorded in FACS/FFMS.

INS to the EO, less exempt and unsupported amounts, to arrive at a total projected non-OCDETF salary and benefit cost (see Appendix V).

For fiscal year 2002, the INS provided the EO with detailed billings of the salary and benefit costs for each agent; accordingly we modified our procedures slightly from those performed for fiscal years 1999 through 2001. Exhibit No. 8 depicts our calculation of fiscal year 2002 non-OCDETF related salary and benefit costs.

Exhibit No. 8 – Calculation of FY 2002 Non-OCDETF Salary & Benefit Costs

<u>Procedure</u>	<u>Amount</u>
Total Salary & Benefit Costs Billed to the EO	\$ 12,362,636
Less: Exempt INS Employees & Certainty Sample	\$ 3,372,409
Less: Unsupported Costs in Sample	\$ 199,995
Net Salary & Benefit Costs Subject to Projection	\$ 8,790,232
Multiplied by Error Rate from Our Sample	5.30%
Projected Salary & Benefit Costs relating to Non-OCDETF Investigations	\$ 465,882
Add: Non-OCDETF Salary & Benefits Costs in Certainty Sample	\$ 107,169
Total Non-OCDETF Salary & Benefit Costs for FY 2002	\$ 573,051

As shown above, fiscal year 2002 non-OCDETF costs were calculated on the total salary and related benefits for each agent, not on the full-time regular pay. As a result, we did not have to apply a weighted average non-OCDETF cost rate as was done in the fiscal years 1999 through 2001.

With respect to other direct costs, we selected a non-representative sample of amounts listed in certain sub-object classification codes obtained from INS FACS Reports that supported the billings to the EO in various quarters of fiscal years 1997 through 2001. The criteria used for judgmentally selecting an amount for testing was: (1) the amount of the sub-object classification code billed to the EO was material for that quarter, and/or (2) the sub-object classification was generic in nature and could represent costs for non-OCDETF related investigations (e.g., miscellaneous supplies, auto transportation, etc.).

We obtained system-generated schedules from the INS that identified all the obligations that comprised the sub-object classification codes we selected from INS's FACS Reports. Next we selected 70 individual obligations that were either large dollar amounts or potential duplicate obligations to perform our other direct cost testing. We then requested obligation documents and invoices or receiving reports from the INS that evidenced the goods and services were actually received by the INS, and that they were for an OCDETF related investigation or program purpose (see Appendix VI).

APPENDIX II

Investigation Time Reported by INS Agents

FY 1999 Schedule of Investigation Time Reported by INS Agents						
Sample Item	OCDETF Related	Non-OCDETF	Unsupported	Total	Non-OCDETF %	Unsupported %
1	1,716	694	-	2,410	28.80%	0.00%
2	-	-	1,211	1,211	0.00%	100.00%
3	2,414	32	-	2,446	1.31%	0.00%
4	1,974	533	-	2,507	21.26%	0.00%
5	110	-	1,997	2,107	0.00%	94.78%
6	1,134	390	173	1,697	22.98%	10.19%
7	2,448	25	-	2,473	1.01%	0.00%
8	1,443	695	173	2,311	30.07%	7.49%
9	2,202	275	173	2,650	10.38%	6.53%
10	1,833	1,064	-	2,897	36.73%	0.00%
11	-	-	2,088	2,088	0.00%	100.00%
12	2,398	41	173	2,612	1.57%	6.62%
13	582	-	38	620	0.00%	6.13%
14	1,884	10	519	2,413	0.41%	21.51%
15	2,384	49	-	2,433	2.01%	0.00%
16	368	733	-	1,101	66.58%	0.00%
17	1,185	1,256	-	2,441	51.45%	0.00%
18	2,502	111	-	2,613	4.25%	0.00%
19	1,643	232	-	1,875	12.37%	0.00%
20	2,060	521	-	2,581	20.19%	0.00%
21	2,243	223	-	2,466	9.04%	0.00%
22	2,693	28	-	2,721	1.03%	0.00%
23	1,522	398	519	2,439	16.32%	21.28%
24	1,625	236	480	2,341	10.08%	20.50%
25	1,831	75	519	2,425	3.09%	21.40%
26	52	1,340	-	1,392	96.26%	0.00%
27	230	-	1,903	2,133	0.00%	89.22%
28	1,787	554	160	2,501	22.15%	6.40%
29	-	-	1,038	1,038	0.00%	100.00%
30	1,489	-	-	1,489	0.00%	0.00%
31	1,683	-	346	2,029	0.00%	17.05%
32	40	50	56	146	34.25%	38.36%
33	1,819	654	-	2,473	26.45%	0.00%
34	631	-	-	631	0.00%	0.00%
35	738	125	-	863	14.48%	0.00%
36	2,240	110	-	2,350	4.68%	0.00%
37	2,915	-	-	2,915	0.00%	0.00%
38	602	12	1,557	2,171	0.55%	71.72%
39	212	-	1,903	2,115	0.00%	89.98%
40	2,500	-	-	2,500	0.00%	0.00%
41	-	-	2,088	2,088	0.00%	100.00%
42	890	68	-	958	7.10%	0.00%
43	2,487	-	-	2,487	0.00%	0.00%
44	1,799	-	519	2,318	0.00%	22.39%
45	9	150	-	159	94.34%	0.00%
46	19	589	-	608	96.88%	0.00%
47	1,976	-	-	1,976	0.00%	0.00%
48	11	195	-	206	94.66%	0.00%
49	-	-	2,088	2,088	0.00%	100.00%
50	371	82	-	453	18.10%	0.00%
51	202	-	-	202	0.00%	0.00%
Total	64,896	11,550	19,721	96,167	12.01%	20.51%

FY 2000 Schedule of Investigation Time Reported by INS Agents						
Sample Item	OCDETF Related	Non-OCDETF	Unsupported	Total	Non-OCDETF %	Unsupported %
1	1,943	497	-	2,440	20.37%	0.00%
2	1,889	651	-	2,540	25.63%	0.00%
3	2,387	102	-	2,489	4.10%	0.00%
4	2,357	56	-	2,413	2.32%	0.00%
5	1,531	558	-	2,089	26.71%	0.00%
6	2,139	17	173	2,329	0.73%	7.43%
7	1,641	788	173	2,602	30.28%	6.65%
8	2,498	43	-	2,541	1.69%	0.00%
9	254	69	-	323	21.36%	0.00%
10	2,499	17	-	2,516	0.68%	0.00%
11	2,619	-	-	2,619	0.00%	0.00%
12	2,569	-	-	2,569	0.00%	0.00%
13	1,274	522	-	1,796	29.06%	0.00%
14	2,626	46	-	2,672	1.72%	0.00%
15	1,962	832	-	2,794	29.78%	0.00%
16	306	23	-	329	6.99%	0.00%
17	679	237	-	916	25.87%	0.00%
18	1,430	-	-	1,430	0.00%	0.00%
19	348	-	-	348	0.00%	0.00%
20	2,109	62	173	2,344	2.65%	7.38%
21	2,478	40	-	2,518	1.59%	0.00%
22	2,382	-	-	2,382	0.00%	0.00%
23	1,056	-	1,211	2,267	0.00%	53.42%
24	1,119	-	173	1,292	0.00%	13.39%
25	1,800	400	173	2,373	16.86%	7.29%
26	2,082	217	-	2,299	9.44%	0.00%
27	96	-	-	96	0.00%	0.00%
28	193	-	173	366	0.00%	47.27%
29	2,423	-	-	2,423	0.00%	0.00%
30	1,004	1,516	-	2,520	60.16%	0.00%
31	2,309	432	-	2,741	15.76%	0.00%
32	1,887	516	-	2,403	21.47%	0.00%
33	1,895	747	-	2,642	28.27%	0.00%
34	1,060	211	-	1,271	16.60%	0.00%
35	2,105	485	-	2,590	18.73%	0.00%
36	1,954	392	-	2,346	16.71%	0.00%
37	2,373	227	-	2,600	8.73%	0.00%
38	128	895	-	1,023	87.49%	0.00%
39	24	94	-	118	79.66%	0.00%
40	1,095	-	-	1,095	0.00%	0.00%
41	2,083	204	-	2,287	8.92%	0.00%
42	78	281	-	359	78.27%	0.00%
43	2,586	8	-	2,594	0.31%	0.00%
44	567	-	-	567	0.00%	0.00%
45	-	-	2,088	2,088	0.00%	100.00%
46	1,613	40	720	2,373	1.69%	30.34%
47	2,573	-	-	2,573	0.00%	0.00%
48	87	2,797	-	2,884	96.98%	0.00%
49	-	-	2,127	2,127	0.00%	100.00%
50	1,132	943	346	2,421	38.95%	14.29%
Total	75,242	14,965	7,530	97,737	15.31%	7.70%

FY 2001 Schedule of Investigation Time Reported by INS Agents						
Sample Item	OCDETF Related	Non-OCDETF	Unsupported	Total	Non-OCDETF %	Unsupported %
1	1,712	833	-	2,545	32.73%	0.00%
2	2,269	448	-	2,717	16.49%	0.00%
3	2,403	48	-	2,451	1.96%	0.00%
4	2,363	62	-	2,425	2.56%	0.00%
5	328	-	692	1,020	0.00%	67.84%
6	1,283	1,185	-	2,468	48.01%	0.00%
7	2,475	99	-	2,574	3.85%	0.00%
8	485	-	1,730	2,215	0.00%	78.10%
9	-	-	80	80	0.00%	100.00%
10	-	-	2,080	2,080	0.00%	100.00%
11	2,064	397	-	2,461	16.13%	0.00%
12	2,625	143	-	2,768	5.17%	0.00%
13	2,097	406	-	2,503	16.22%	0.00%
14	2,430	-	-	2,430	0.00%	0.00%
15	2,440	-	-	2,440	0.00%	0.00%
16	2,757	38	-	2,795	1.36%	0.00%
17	2,368	84	-	2,452	3.43%	0.00%
18	643	-	-	643	0.00%	0.00%
19	2,250	49	-	2,299	2.13%	0.00%
20	2,348	-	-	2,348	0.00%	0.00%
21	64	529	-	593	89.21%	0.00%
22	2,086	184	-	2,270	8.11%	0.00%
23	2,077	458	-	2,535	18.07%	0.00%
24	1,707	148	519	2,374	6.23%	21.86%
25	2,437	118	-	2,555	4.62%	0.00%
26	2,021	-	-	2,021	0.00%	0.00%
27	885	-	-	885	0.00%	0.00%
28	2,070	80	346	2,496	3.21%	13.86%
29	2,162	111	173	2,446	4.54%	7.07%
30	1,939	112	-	2,051	5.46%	0.00%
31	990	-	-	990	0.00%	0.00%
32	2,421	70	-	2,491	2.81%	0.00%
33	-	-	2,040	2,040	0.00%	100.00%
34	-	-	2,080	2,080	0.00%	100.00%
35	-	-	2,041	2,041	0.00%	100.00%
36	2,352	76	-	2,428	3.13%	0.00%
37	38	163	1,211	1,412	11.54%	85.76%
38	1,603	200	-	1,803	11.09%	0.00%
39	2,020	133	-	2,153	6.18%	0.00%
40	1,984	219	-	2,203	9.94%	0.00%
41	68	111	-	179	62.01%	0.00%
42	1,559	-	-	1,559	0.00%	0.00%
43	2,423	-	173	2,596	0.00%	6.66%
44	1,694	35	-	1,729	2.02%	0.00%
45	-	-	1,488	1,488	0.00%	100.00%
46	1,939	119	-	2,058	5.78%	0.00%
Total	71,879	6,658	14,653	93,190	7.14%	15.72%

FY 2002 Schedule of Investigation Time Reported by INS Agents						
Sample Item	OCDETF Related	Non-OCDETF	Unsupported	Total	Non-OCDETF %	Unsupported %
1	2,342	292	-	2,634	11.09%	0.00%
2	2,389	16	-	2,405	0.67%	0.00%
3	1,658	180	-	1,838	9.79%	0.00%
4	714	650	-	1,364	47.65%	0.00%
5	2,701	-	-	2,701	0.00%	0.00%
6	1,235	-	-	1,235	0.00%	0.00%
7	1,233	-	-	1,233	0.00%	0.00%
8	1,250	-	-	1,250	0.00%	0.00%
9	-	-	2,088	2,088	0.00%	100.00%
10	2,455	-	-	2,455	0.00%	0.00%
11	1,990	253	174	2,417	10.47%	7.20%
12	1,543	211	-	1,754	12.03%	0.00%
13	1,775	53	-	1,828	2.90%	0.00%
14	2,332	80	-	2,412	3.32%	0.00%
15	2,588	-	-	2,588	0.00%	0.00%
16	2,002	211	174	2,387	8.84%	7.29%
17	1,900	-	-	1,900	0.00%	0.00%
18	1,896	-	-	1,896	0.00%	0.00%
19	205	-	-	205	0.00%	0.00%
20	-	-	-	-	0.00%	0.00%
21	1,483	437	-	1,920	22.76%	0.00%
22	1,827	60	-	1,887	3.18%	0.00%
23	2,186	168	-	2,354	7.14%	0.00%
24	1,857	33	-	1,890	1.75%	0.00%
25	1,520	-	-	1,520	0.00%	0.00%
26	1,859	54	-	1,913	2.82%	0.00%
27	2,304	113	-	2,417	4.68%	0.00%
28	1,707	120	-	1,827	6.57%	0.00%
29	985	6	-	991	0.61%	0.00%
30	-	-	2,128	2,128	0.00%	100.00%
31	392	-	1,218	1,610	0.00%	75.65%
32	2,413	118	-	2,531	4.66%	0.00%
33	663	-	-	663	0.00%	0.00%
34	1,816	94	-	1,910	4.92%	0.00%
35	191	-	-	191	0.00%	0.00%
36	230	186	-	416	44.71%	0.00%
37	-	-	-	-	0.00%	0.00%
38	1,737	171	-	1,908	8.96%	0.00%
39	1,533	354	-	1,887	18.76%	0.00%
40	202	423	-	625	67.68%	0.00%
41	1,613	43	-	1,656	2.60%	0.00%
42	-	-	-	-	0.00%	0.00%
43	845	63	-	908	6.94%	0.00%
Total	59,571	4,389	5,782	69,742	6.29%	8.29%

APPENDIX III

Questioned Full-Time Regular Pay

FY 1999 Schedule of Questioned Full-Time Regular Pay					
Sample Item	Non-OCDETF %	Unsupported %	Full-Time Regular Pay	Non-OCDETF Amount	Unsupported Amount
2	0.00%	100.00%	\$36,135	-	\$36,135
1	28.80%	0.00%	\$73,012	\$21,027	-
34	0.00%	0.00%	\$17,420	-	-
8	30.07%	7.49%	\$68,428	\$20,576	\$5,125
26	96.26%	0.00%	\$35,258	\$33,939	-
24	10.08%	20.51%	\$62,883	\$6,339	\$12,897
15	2.01%	0.00%	\$67,964	\$1,369	-
11	0.00%	100.00%	\$70,706	-	\$70,706
23	16.32%	21.28%	\$63,378	\$10,342	\$13,486
3	1.31%	0.00%	\$62,206	\$814	-
21	9.04%	0.00%	\$74,339	\$6,722	-
25	3.09%	21.40%	\$62,159	\$1,922	\$13,303
4	21.24%	0.00%	\$72,036	\$15,300	-
16	66.58%	0.00%	\$26,621	\$17,724	-
5	0.00%	94.78%	\$69,376	-	\$65,753
17	51.45%	0.00%	\$74,368	\$38,266	-
22	1.03%	0.00%	\$60,275	\$620	-
31	0.00%	17.05%	\$75,174	-	\$12,817
6	22.99%	10.20%	\$71,805	\$16,507	\$7,322
28	22.15%	6.40%	\$57,441	\$12,723	\$3,676
20	20.19%	0.00%	\$68,427	\$13,815	-
Certainty	17.17%	19.00%	\$1,269,411	\$218,005	\$241,220
30	0.00%	0.00%	\$48,452	-	-
12	1.57%	6.62%	\$66,061	\$1,037	\$4,375
27	0.00%	89.22%	\$75,306	-	\$67,186
36	4.66%	0.00%	\$73,659	\$3,434	-
18	4.25%	0.00%	\$69,508	\$2,953	-
42	7.10%	0.00%	\$25,750	\$1,828	-
9	10.38%	6.53%	\$65,131	\$6,760	\$4,253
13	0.00%	6.13%	\$22,401	-	\$1,373
49	0.00%	100.00%	\$67,062	-	\$67,062
32	34.25%	38.36%	\$4,053	\$1,388	\$1,555
19	12.37%	0.00%	\$63,781	\$7,892	-
46	96.88%	0.00%	\$16,863	\$16,336	-
33	26.45%	0.00%	\$77,917	\$20,606	-
14	0.41%	21.51%	\$63,095	\$259	\$13,572
47	0.00%	0.00%	\$30,164	-	-
29	0.00%	100.00%	\$36,860	-	\$36,860
40	0.00%	0.00%	\$69,065	-	-
35	14.48%	0.00%	\$26,106	\$3,780	-
44	0.00%	22.39%	\$66,198	-	\$14,822
10	36.73%	0.00%	\$71,778	\$26,364	-
37	0.00%	0.00%	\$71,704	-	-
48	94.89%	0.00%	\$4,390	\$4,166	-
38	0.53%	71.75%	\$62,220	\$330	\$44,644
7	1.01%	0.00%	\$70,034	\$707	-
45	94.34%	0.00%	\$4,178	\$3,942	-
39	0.00%	89.98%	\$68,885	-	\$61,980
41	0.00%	100.00%	\$67,050	-	\$67,050
50	18.01%	0.00%	\$7,012	\$1,263	-
43	0.00%	0.00%	\$67,529	-	-
51	0.00%	0.00%	\$2,057	-	-
Random	7.04%	26.27%	\$1,464,269	\$103,045	\$384,732

FY 2000 Schedule of Questioned Full-Time Regular Pay					
Sample Item	Non-OCDETF %	Unsupported %	Full-Time Regular Pay	Non-OCDETF Amount	Unsupported Amount
2	25.63%	0.00%	\$62,065	\$15,907	-
1	20.37%	0.00%	\$76,667	\$15,616	-
13	29.06%	0.00%	\$53,816	\$15,639	-
48	96.98%	0.00%	\$70,790	\$68,655	-
46	1.69%	30.34%	\$66,407	\$1,119	\$20,149
24	0.00%	13.39%	\$41,543	-	\$5,563
16	6.99%	0.00%	\$12,043	\$842	-
43	0.31%	0.00%	\$65,998	\$205	-
4	2.32%	0.00%	\$66,207	\$1,537	-
36	16.71%	0.00%	\$72,820	\$12,168	-
47	0.00%	0.00%	\$66,844	-	-
5	26.71%	0.00%	\$62,783	\$16,769	-
25	16.86%	7.29%	\$63,960	\$10,784	\$4,663
6	0.71%	7.43%	\$72,759	\$517	\$5,406
29	0.00%	0.00%	\$77,069	-	-
37	8.73%	0.00%	\$64,881	\$5,664	-
7	30.28%	6.65%	\$74,428	\$22,537	\$4,949
9	21.36%	0.00%	\$8,800	\$1,880	-
50	38.94%	14.29%	\$68,145	\$26,536	\$9,741
35	18.73%	0.00%	\$73,533	\$13,773	-
Certainty	18.84%	4.13%	\$1,221,558	\$230,148	\$50,471
42	78.27%	0.00%	\$9,750	\$7,631	-
44	0.00%	0.00%	\$18,248	-	-
19	0.00%	0.00%	\$9,332	-	-
30	60.16%	0.00%	\$72,710	\$43,741	-
21	1.59%	0.00%	\$71,722	\$1,139	-
49	0.00%	100.00%	\$80,381	-	\$80,381
27	0.00%	0.00%	\$1,456	-	-
38	87.48%	0.00%	\$19,789	\$17,311	-
10	0.68%	0.00%	\$66,334	\$448	-
31	15.76%	0.00%	\$72,710	\$11,459	-
3	4.10%	0.00%	\$72,795	\$2,983	-
14	1.72%	0.00%	\$69,933	\$1,203	-
32	21.47%	0.00%	\$78,484	\$16,851	-
22	0.00%	0.00%	\$82,255	-	-
33	28.27%	0.00%	\$68,670	\$19,413	-
11	0.00%	0.00%	\$72,363	-	-
23	0.00%	53.42%	\$68,003	-	\$36,326
18	0.00%	0.00%	\$37,561	-	-
28	0.00%	47.27%	\$13,060	-	\$6,173
17	25.87%	0.00%	\$19,116	\$4,945	-
12	0.00%	0.00%	\$74,380	-	-
20	2.65%	7.38%	\$74,704	\$1,980	\$5,513
39	79.66%	0.00%	\$174	\$139	-
34	16.60%	0.00%	\$33,479	\$5,558	-
15	29.78%	0.00%	\$75,215	\$22,399	-
26	9.44%	0.00%	\$63,859	\$6,028	-
8	1.69%	0.00%	\$73,393	\$1,240	-
40	0.00%	0.00%	\$28,951	-	-
41	8.92%	0.00%	\$60,496	\$5,396	-
45	0.00%	100.00%	\$75,364	-	\$75,364
Random	10.86%	13.02%	\$1,564,687	\$169,864	\$203,757

FY 2001 Schedule of Questioned Full-Time Regular Pay					
Sample Item	Non-OCDETF %	Unsupported %	Full-Time Regular Pay	Non-OCDETF Amount	Unsupported Amount
2	16.49%	0.00%	\$67,874	\$11,192	-
3	1.96%	0.00%	\$79,220	\$1,553	-
4	0.00%	100.00%	\$75,812	-	\$75,812
5	5.46%	0.00%	\$68,534	\$3,742	-
6	0.00%	0.00%	\$17,790	-	-
7	2.56%	0.00%	\$69,497	\$1,779	-
17	0.00%	0.00%	\$27,475	-	-
20	6.23%	21.86%	\$81,106	\$5,053	\$17,730
23	3.43%	0.00%	\$67,213	\$2,305	-
24	0.00%	67.84%	\$35,550	-	\$24,117
25	0.00%	0.00%	\$80,587	-	-
27	4.62%	0.00%	\$67,816	\$3,133	-
30	48.01%	0.00%	\$81,231	\$38,999	-
31	3.85%	0.00%	\$67,032	\$2,581	-
33	11.54%	85.76%	\$41,992	\$4,846	\$36,012
37	18.07%	0.00%	\$77,460	\$13,997	-
Certainty	8.86%	15.27%	\$1,006,189	\$89,180	\$153,671
38	11.09%	0.00%	\$53,169	\$5,896	-
11	16.13%	0.00%	\$71,088	\$11,466	-
21	89.21%	0.00%	\$18,855	\$16,821	-
13	16.22%	0.00%	\$74,654	\$12,109	-
35	0.00%	100.00%	\$80,303	-	\$80,303
18	0.00%	0.00%	\$14,432	-	-
39	6.19%	0.00%	\$66,267	\$4,102	-
22	8.11%	0.00%	\$67,680	\$5,489	-
40	9.94%	0.00%	\$66,267	\$6,587	-
14	0.00%	0.00%	\$72,453	-	-
10	0.00%	100.00%	\$69,052	-	\$69,052
15	0.00%	0.00%	\$85,624	-	-
41	62.01%	0.00%	\$4,243	\$2,631	-
8	0.00%	78.10%	\$68,536	-	\$53,527
1	32.73%	0.00%	\$68,056	\$22,275	-
19	2.13%	0.00%	\$83,233	\$1,773	-
16	1.36%	0.00%	\$74,593	\$1,014	-
42	0.00%	0.00%	\$47,621	-	-
43	0.00%	6.66%	\$69,805	-	\$4,649
44	2.00%	0.00%	\$60,372	\$1,207	-
32	2.81%	0.00%	\$71,088	\$1,998	-
36	3.13%	0.00%	\$76,963	\$2,409	-
12	5.17%	0.00%	\$77,862	\$4,025	-
45	0.00%	100.00%	\$49,801	-	\$49,801
28	3.21%	13.86%	\$79,220	\$2,543	\$10,980
46	5.78%	0.00%	\$56,840	\$3,285	-
29	4.54%	7.07%	\$70,348	\$3,194	\$4,974
34	0.00%	100.00%	\$76,916	-	\$76,916
26	0.00%	0.00%	\$61,154	-	-
9	0.00%	100.00%	\$2,919	-	\$2,919
Random	5.92%	19.20%	\$1,839,414	\$108,824	\$353,121

FY 2002 Schedule of Questioned Salary and Benefit Costs ¹⁷					
Sample Item	Non-OCDETF %	Unsupported %	Salary and Benefit Costs	Non-OCDETF Amount	Unsupported Amount
1	11.09%	0.00%	\$96,097	\$10,653	-
2	0.67%	0.00%	\$118,477	\$788	-
30	0.00%	100.00%	\$147,271	-	\$147,271
28	6.57%	0.00%	\$83,065	\$5,456	-
3	9.79%	0.00%	\$79,939	\$7,829	-
29	0.61%	0.00%	\$106,018	\$642	-
22	3.15%	0.00%	\$93,389	\$2,945	-
16	8.84%	7.29%	\$124,431	\$10,999	\$9,070
18	0.00%	0.00%	\$90,386	-	-
24	1.75%	0.00%	\$77,206	\$1,348	-
4	47.63%	0.00%	\$97,139	\$46,272	-
5	0.00%	0.00%	\$123,553	-	-
21	22.76%	0.00%	\$88,913	\$20,237	-
Certainty	8.08%	11.79%	\$1,325,884	\$107,169	\$156,341
13	2.90%	0.00%	\$87,377	\$2,533	-
20	0.00%	0.00%	\$-	-	-
32	4.66%	0.00%	\$110,136	\$5,135	-
6	0.00%	0.00%	\$108,447	-	-
12	12.03%	0.00%	\$88,717	\$10,672	-
14	3.32%	0.00%	\$128,530	\$4,263	-
17	0.00%	0.00%	\$92,329	-	-
38	8.96%	0.00%	\$78,856	\$7,067	-
33	0.00%	0.00%	\$83,264	-	-
7	0.00%	0.00%	\$117,729	-	-
42	0.00%	0.00%	\$-	-	-
25	0.00%	0.00%	\$55,154	-	-
15	0.00%	0.00%	\$141,105	-	-
10	0.00%	0.00%	\$130,047	-	-
8	0.00%	0.00%	\$119,323	-	-
34	4.92%	0.00%	\$99,097	\$4,877	-
43	6.94%	0.00%	\$35,864	\$2,488	-
11	10.47%	7.20%	\$120,900	\$12,655	\$8,704
40	67.68%	0.00%	\$47,194	\$31,941	-
23	7.14%	0.00%	\$118,303	\$8,443	-
36	44.77%	0.00%	\$29,939	\$13,402	-
41	2.60%	0.00%	\$91,778	\$2,383	-
9	0.00%	100.00%	\$127,109	-	\$127,109
35	0.00%	0.00%	\$-	-	-
37	0.00%	0.00%	\$-	-	-
27	4.68%	0.00%	\$133,409	\$6,237	-
31	0.00%	75.65%	\$84,838	-	\$64,182
19	0.00%	0.00%	\$97,346	-	-
26	2.82%	0.00%	\$104,762	\$2,957	-
39	18.76%	0.00%	\$102,134	\$19,160	-
Random	5.30%	7.89%	\$2,533,687	\$134,213	\$199,995

¹⁷ The schedule for fiscal year 2002 is slightly different than the three previous schedules in Appendix III for fiscal years 1999 – 2001, and reflects the questioned salary and benefit costs rather than just the questioned full-time regular pay. As explained in Appendix I, the INS changed its billing methodology for fiscal year 2002 and provided a detailed schedule for the salary and benefit costs for each agent being billed. This enabled us to identify the exact salary and benefit costs the sample items being tested and required us to modify our procedures. For further explanation, please see Appendix I, Scope and Methodology.

APPENDIX IV

Weighted Average Non-OCDETF Cost Rate

FY 1999						
No. Agents In Sample	Category	Total Full-Time Regular Pay	Non-OCDETF Costs	Non-OCDETF Percentage	Unsupported Costs	Unsupported Percentage
21	Certainty	\$1,269,411	\$218,005	17.17%	\$241,220	19.00%
30	Random	\$1,464,269	\$103,045	7.04%	\$384,732	26.27%
57	Untested	\$2,983,328	NA	NA	NA	NA
19	Exempt	\$1,285,074	NA	NA	NA	NA
127		\$7,002,082	\$321,050		<u>\$625,952</u>	
-19	Exempt	\$(1,285,074)				
-21	Certainty	\$(1,269,411)				
	Unsupported	\$(384,732)				
87	Adjusted	\$4,062,865	\$286,026	7.04%		
21	Certainty	\$1,269,411	\$218,005	17.17%		
108		<u>\$5,332,276</u>	<u>\$504,031</u>	<u>9.45%</u>	Weighted Average Non-OCDETF Cost Rate	
FY 2000						
No. Agents In Sample	Category	Total Full-Time Regular Pay	Non-OCDETF Costs	Non-OCDETF Percentage	Unsupported Costs	Unsupported Percentage
20	Certainty	\$1,221,558	\$230,148	18.84%	\$50,471	4.13%
30	Random	\$1,564,687	\$169,864	10.86%	\$203,757	13.02%
55	Untested	\$2,821,112	NA	NA	NA	NA
20	Exempt	\$1,437,900	NA	NA	NA	NA
125		\$7,045,257	\$400,012		<u>\$254,228</u>	
-20	Exempt	\$(1,437,900)				
-20	Certainty	\$(1,221,558)				
	Unsupported	\$(203,757)				
85	Adjusted	\$4,182,042	\$454,170	10.86%		
20	Certainty	\$1,221,558	\$230,148	18.84%		
105		<u>\$5,403,600</u>	<u>\$684,318</u>	<u>12.66%</u>	Weighted Average Non-OCDETF Cost Rate	
FY 2001						
No. Agents In Sample	Category	Total Full-Time Regular Pay	Non-OCDETF Costs	Non-OCDETF Percentage	Unsupported Costs	Unsupported Percentage
16	Certainty	\$1,006,189	\$89,180	8.86%	\$153,671	15.27%
30	Random	\$1,839,414	\$108,824	5.92%	\$353,121	19.20%
68	Untested	\$3,954,292	NA	NA	NA	NA
18	Exempt	\$1,390,989	NA	NA	NA	NA
132		\$8,190,884	\$198,004		<u>\$506,792</u>	
-18	Exempt	\$(1,390,989)				
-16	Certainty	\$(1,006,189)				
	Unsupported	\$(353,121)				
98	Adjusted	\$5,440,585	\$322,083	5.92%		
16	Certainty	\$1,006,189	\$89,180	8.86%		
114		<u>\$6,446,774</u>	<u>\$411,263</u>	<u>6.38%</u>	Weighted Average Non-OCDETF Cost Rate	

APPENDIX V

Non-OCDETF Salary & Benefit Costs

FY 1999 Non-OCDETF Salary & Benefit Costs				
Sub-Object Class No.	Account Description	Total Salary & Benefit Costs Billed by INS	Less 18.35% Estimated Exempt Salary & Benefit Costs	Net Salary & Benefit Costs Subject to Projection
1110	emp indebt for net pay	-	-	-
1115	interest on back pay	-	-	-
1117	availability pay	\$1,735,366	\$(318,440)	\$1,416,926
1118	expert witness fees	-	-	-
1119	rewards	\$220	\$(40)	\$180
1128	lump sum terminal other	\$8,643	\$(1,586)	\$7,057
1130	full-time perm	\$7,104,980	\$(1,303,764)	\$5,801,216
1138	full-time indefinite	\$2,546	\$(467)	\$2,079
1140	prem pay annual basis	\$511	\$(94)	\$417
1142	OT -other	\$4,030	\$(740)	\$3,290
1143	night differential	\$21,380	\$(3,923)	\$17,457
1145	holiday pay	\$22,861	\$(4,195)	\$18,666
1146	Sunday pay	\$12,683	\$(2,327)	\$10,356
1160	lump sum terminal leave	\$171,809	\$(31,527)	\$140,282
1169	FLSA OT	\$82,062	\$(15,058)	\$67,004
1170	GS special awards	-	-	-
1219	emp indebtness	\$399	\$(73)	\$326
1210	Temp Subsistence Allow	-	-	-
1220	FEHBA	\$359,043	\$(65,884)	\$293,159
1221	FEGLI	\$16,862	\$(3,094)	\$13,768
1222	retirement	-	-	-
1223	FICA	\$90,975	\$(16,694)	\$74,281
1224	retirement, haz duty	\$653,524	\$(119,922)	\$533,602
1225	medicare, non fica emp	\$109,478	\$(20,089)	\$89,389
1226	medicare, fica emp	\$23,189	\$(4,255)	\$18,934
1227	thrift savings plan	\$15,781	\$(2,896)	\$12,885
1228	matching gov contribu	\$61,011	\$(11,196)	\$49,815
1230	FERS	\$14,106	\$(2,588)	\$11,518
1231	FERS law enforcement	\$337,919	\$(62,008)	\$275,911
1242	COLA nonforeign	\$51,068	\$(9,371)	\$41,697
1252	R/E expense allowance	-	-	-
1253	Misc Moving Expense	-	-	-
1254	W/H Tax Allowance	-	-	-
1255	Relocation Inc Tax Allow	-	-	-
1278	suppl ret agen contribu	-	-	-
Totals		\$10,900,446	\$(2,000,231)	\$8,900,215
	Less: FY 1999 Unsupported Costs from Certainty Sample			\$(241,220)
	Less: FY 1999 Unsupported Costs from Random Sample			\$(384,732)
	Adjusted Salary and Benefit Costs			\$8,274,263
	Weighted Average Non-OCDETF Cost Rate			9.45%
	Total Non-OCDETF Salary and Benefit Costs for FY 1999 >>>>			\$781,918

FY 2000 Non-OCDEF Salary & Benefit Costs				
Sub-Object Class No.	Account Description	Total Salary & Benefit Costs Billed by INS	Less 20.41% Estimated Exempt Salary & Benefit Costs	Net Salary & Benefit Costs Subject to Projection
1110	emp indebt for net pay	-	-	-
1115	interest on back pay	-	-	-
1117	availability pay	\$1,699,971	\$(346,964)	\$1,353,007
1118	expert witness fees	-	-	-
1119	rewards	\$7,631	\$(1,558)	\$6,073
1128	lump sum terminal other	-	-	-
1130	full-time perm	\$7,046,750	\$(1,438,242)	\$5,608,508
1138	full-time indefinite	-	-	-
1140	prem pay annual basis	\$15,578	\$(3,180)	\$12,398
1142	OT -other	\$32,996	\$(6,734)	\$26,262
1143	night differential	\$30,864	\$(6,299)	\$24,565
1145	holiday pay	\$27,078	\$(5,527)	\$21,551
1146	Sunday pay	\$16,747	\$(3,418)	\$13,329
1160	lump sum terminal leave	\$231,121	\$(47,172)	\$183,949
1169	FLSA OT	\$5,516	\$(1,126)	\$4,390
1170	GS special awards	\$7,000	\$(1,429)	\$5,571
1219	emp indebtness	\$1,536	\$(313)	\$1,223
1210	Temp Subsistence Allow	-	-	-
1220	FEHBA	\$381,336	\$(77,831)	\$303,505
1221	FEGLI	\$15,475	\$(3,159)	\$12,316
1222	retirement	\$(5,557)	\$1,134	\$(4,423)
1223	FICA	\$129,368	\$(26,404)	\$102,964
1224	retirement, haz duty	\$580,945	\$(118,571)	\$462,374
1225	medicare, non fica emp	\$96,532	\$(19,702)	\$76,830
1226	medicare, fica emp	\$35,661	\$(7,278)	\$28,383
1227	thrift savings plan	\$23,892	\$(4,876)	\$19,016
1228	matching gov contribu	\$92,976	\$(18,976)	\$74,000
1230	FERS	\$13,890	\$(2,835)	\$11,055
1231	FERS law enforcement	\$526,456	\$(107,450)	\$419,006
1242	COLA nonforeign	\$46,838	\$(9,560)	\$37,278
1252	R/E expense allowance	-	-	-
1253	Misc Moving Expense	-	-	-
1254	W/H Tax Allowance	-	-	-
1255	Relocation Inc Tax Allow	-	-	-
1278	suppl ret agen contribu	-	-	-
Totals		\$11,060,600	\$(2,257,470)	\$8,803,130
Less: FY 2000 Unsupported Costs from Certainty Sample				\$(50,471)
Less: FY 2000 Unsupported Costs from Random Sample				\$(203,757)
Adjusted Salary and Benefit Costs				\$8,548,902
Weighted Average Non-OCDEF Cost Rate				12.66%
Total Non-OCDEF Salary and Benefit Costs for FY 2000 >>>>>				\$1,082,291

FY 2001 Non-OCDEF Salary & Benefit Costs				
Sub-Object Class No.	Account Description	Total Salary & Benefit Costs Billed by INS	Less 16.98% Estimated Exempt Salary & Benefit Costs	Net Salary & Benefit Costs Subject to Projection
1110	emp indebt for net pay	\$76	\$(13)	\$63
1115	interest on back pay	-	-	-
1117	availability pay	\$1,955,315	\$(332,055)	\$1,623,260
1118	expert witness fees	\$17	\$(3)	\$14
1119	rewards	\$20,967	\$(3,561)	\$17,407
1128	lump sum terminal other	-	-	-
1130	full-time perm	\$8,108,628	\$(1,377,021)	\$6,731,607
1138	full-time indefinite	-	-	-
1140	prem pay annual basis	\$18,723	\$(3,180)	\$15,543
1142	OT -other	\$3,104	\$(527)	\$2,577
1143	night differential	\$23,895	\$(4,058)	\$19,837
1145	holiday pay	\$17,977	\$(3,053)	\$14,924
1146	Sunday pay	\$15,428	\$(2,620)	\$12,808
1147	hazardous pay	\$68	\$(12)	56
1160	lump sum terminal leave	\$36,310	\$(6,166)	\$30,144
1169	FLSA OT	-	-	-
1170	GS special awards	-	-	-
1219	emp indebttness	\$629	\$(107)	\$522
1210	Temp Subsistence Allow	\$57,228	\$(9,719)	\$47,509
1220	FEHBA	\$466,573	\$(79,234)	\$387,339
1221	FEGLI	\$17,705	\$(3,007)	\$14,698
1222	retirement	-	-	-
1223	FICA	\$162,790	\$(27,645)	\$135,145
1224	retirement, haz duty	\$626,424	\$(106,380)	\$520,044
1225	medicare, non fica emp	\$99,995	\$(16,981)	\$83,014
1226	medicare, fica emp	\$44,870	\$(7,620)	\$37,250
1227	thrift savings plan	\$31,303	\$(5,316)	\$25,987
1228	matching gov contribu	\$122,256	\$(20,762)	\$101,494
1230	FERS	\$12,569	\$(2,134)	\$10,435
1231	FERS law enforcement	\$701,993	\$(119,214)	\$582,779
1242	COLA nonforeign	\$53,622	\$(9,106)	\$44,516
1252	R/E expense allowance	\$36,250	\$(6,156)	\$30,094
1253	Misc Moving Expense	\$7,450	\$(1,265)	\$6,185
1254	W/H Tax Allowance	\$71,430	\$(12,130)	\$59,300
1255	Relocation Inc Tax Allow	\$84,481	\$(14,347)	\$70,134
1278	suppl ret agen contribu	-	-	-
Totals		\$12,798,076	\$(2,173,392)	\$10,624,684
Less: FY 2001 Unsupported Costs from Certainty Sample				\$(153,671)
Less: FY 2001 Unsupported Costs from Random Sample				\$(353,121)
Adjusted Salary and Benefit Costs				\$10,117,892
Weighted Average Non-OCDEF Cost Rate				6.38%
Total Non-OCDEF Salary and Benefit Costs for FY 2001 >>>>>				\$645,522

APPENDIX VI

Schedule of Unsupported Other Direct Costs

FY	Sample Item No.	SOC	ODN	Obligation	OCDETF	Unsupported
1997	14	2201	ACD700459	\$11,245		\$11,245
1997	16	2303	BUR970016	\$1,652		\$1,652
1997	17	2303	BUR970016	\$5,494		\$5,494
1997	18	2303	BUR970016	\$4,917		\$4,917
1997	19	2304	ACD708319	\$2,520		\$2,520
1997	20	2304	BUR970016	\$3,421		\$3,421
1997	21	2304	BUR970016	\$6,048		\$6,048
1997	23	2501	HOU701104	\$6,120		\$6,120
Subtotal				\$41,417	-	\$41,417
1998	1	2103	COR803102	\$1,064		\$1,064
1998	2	2103	COR803102	\$1,064		\$1,064
1998	22	2313	MIA980002	\$19,800		\$19,800
1998	26	2534	ACD800322	\$47,187		\$47,187
1998	27	2602	ELP807013	\$200	\$200	\$-
1998	28	2603	HOU907615	\$621		\$621
Subtotal				\$69,936	\$200	\$69,736
1999	3	2105	COR905647	\$100		\$100
1999	15	2302	MIA0990016	\$6,706		\$6,706
Subtotal				\$6,806	-	\$6,806
2000	4	2126	INV000011	\$4,660		\$4,660
2000	5	2126	OPS000333	\$15,198		\$15,198
2000	6	2126	OPS000506	\$5,642		\$5,642
2000	7	2126	EOR001458	\$3,872		\$3,872
2000	8	2126	OPS001034	\$7,035		\$7,035
2000	9	2126	OPS001034	\$6,206		\$6,206
2000	10	2127	PCS000399	\$256,404	\$238,344	\$18,060
2000	11	2127	PCS000746	\$151,477		\$151,477
2000	12	2127	PCS000853	\$255,122	\$96,860	\$158,262
2000	13	2127	PCS000872	\$191,581		\$191,581
2000	24	2508	ALT006912	\$5,000		\$5,000
2000	25	2508	BOS006912	\$5,400		\$5,400
2000	29	2612	COW7A1045	\$8,880		\$8,880
2000	30	2612	LOS006911	\$6,694		\$6,694
2000	31	2612	NOL006912	\$13,500		\$13,500
2000	32	2612	PHI006912	\$13,000		\$13,000
2000	33	2612	KAN006912	\$4,930		\$4,930
2000	34	2612	NYC006909	\$20,000		\$20,000
2000	35	2612	NYC006909	\$18,438		\$18,438
2000	36	2612	MIA006912	\$37,800		\$37,800
2000	37	2612	COWOJ2492	\$25,318		\$25,318
2000	38	2619	HHW0P0078	\$10,583		\$10,583
2000	39	2619	NYC0J0928	\$11,880		\$11,880
2000	40	3101	DEN0P0548	\$2,499		\$2,499
2000	41	3101	COW0D2499	\$131,403		\$131,403
2000	42	3102	SFR0J0281	\$15,000		\$15,000
2000	43	3102	SNA0D0319	\$5,842		\$5,842
2000	44	3103	DET006908	\$22,500		\$22,500
2000	45	3103	COW7A1045	\$38,976		\$38,976
2000	46	3103	ACD0J0492	\$15,375		\$15,375
2000	47	3103	COR006912	\$15,878		\$15,878
2000	48	3103	HOU0J0258	\$5,000		\$5,000
2000	49	3170	COW000007	\$418,000		\$418,000
2000	50	3170	COW000007	\$97,000		\$97,000
Subtotal				\$1,846,093	\$335,204	\$1,510,889

(cont on next page)

FY	Sample Item No.	SOC	ODN	Obligation	OCDEF	Unsupported
2001	51	2201	PCS010613	\$17,391	\$17,391	-
2001	52	2201	PCS010731	\$6,532	\$6,386	\$146
2001	53	2534	PCS010034	\$134,820	\$146,055	\$(11,235)
2001	54	2534	PCS010613	\$46,064	\$38,199	\$7,865
2001	55	2612	BUF016911	\$10,000	-	\$10,000
2001	56	2612	PHI016911	\$44,866	-	\$44,866
2001	57	2612	DEN016912	\$10,000	-	\$10,000
2001	58	2612	HOU016912	\$22,000	-	\$22,000
2001	59	2612	ACB1P0764	\$24,969	-	\$24,969
2001	60	2619	ATL1P0317	\$7,595	-	\$7,595
2001	61	2619	HOU1J0133	\$19,806	\$19,806	-
2001	62	3102	BUF016912	\$6,500	-	\$6,500
2001	63	3102	SNA1P0187	\$24,195	-	\$24,195
2001	64	3102	OMA1P0240	\$13,081	-	\$13,081
2001	65	3102	ELP1C0099	\$7,085	-	\$7,085
2001	66	3102	DEN016912	\$5,100	-	\$5,100
2001	67	3102	NOL016912	\$7,870	-	\$7,870
2001	68	3103	HLG016912	\$28,346	-	\$28,346
2001	69	3103	MAR016912	\$10,430	-	\$10,430
2001	70	3170	COW100036	\$951,000	\$951,000	-
Subtotal				\$1,397,650	\$1,178,837	\$218,813
TOTAL				\$3,361,902	\$1,514,241	\$1,847,661

APPENDIX VII

Schedule of Dollar-Related Findings

QUESTIONED COSTS:	AMOUNT	PAGE
Salary & Benefits		
Non-OCDETF	\$3,082,782	7
Unsupported	\$1,743,308	7
Other Direct Costs		
Non-OCDETF	-	
Unsupported	\$1,847,661	9
TOTAL QUESTIONED COSTS	\$6,673,751	

Questioned Costs are expenditures that do not comply with legal, regulatory, or contractual requirements, are not supported by adequate documentation at the time of the audit, or are unnecessary or unreasonable. Offset, waiver, recovery of funds, or the provision of supporting documentation may remedy questioned costs.

APPENDIX VIII

THE EXECUTIVE OFFICE FOR THE ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCES' RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

Office of the Deputy Attorney General

Associate Deputy Attorney General
Acting Director for the Organized Crime Drug Enforcement Task Forces

Washington, D.C. 20530

October 3, 2003

MEMORANDUM

TO: Guy K. Zimmerman
Assistant Inspector General for Audit
Office of the Inspector General

FROM: Catherine M. O'Neil
Associate Deputy Attorney General
Acting Director, Organized Crime Drug Enforcement Task
Forces (OCDETF)

SUBJECT: Comments on the Draft Audit Report of Immigration and Naturalization
Service Expenditures Charged to the Organized Crime Drug Enforcement
Task Forces Program for Fiscal Years 1997-2002

I have reviewed the Draft Audit Report of Immigration and Naturalization Service Expenditures Charged to the Organized Crime Drug Enforcement Task Forces Program for Fiscal Years 1997-2002. I appreciate this opportunity to provide my comments on the recommendations contained in the Report.

Recommendation No. 1

I concur with your recommendation that the OCDETF Director should determine an appropriate remedy to deal with any instance of costs being inappropriately billed to the OCDETF Program. We intend to review carefully with the Bureau of Customs Enforcement¹ all of the costs in question and to request, where appropriate, additional supporting documentation of actual expenditures. Based upon this review, OCDETF will seek to collect amounts determined to be due and owing to the Program.

As noted in the audit Report, during FY 2002, the Immigration and Naturalization

¹ BICE has absorbed the criminal investigative agents formerly employed by the Immigration and Naturalization Service (INS). These are the agents who participated in the OCDETF Program.

Service was not reimbursed by OCDEF for 25% of its OCDEF program costs but rather was required to fund those costs from its direct budget. For your information only, this amounted to approximately \$2.9 million.

Recommendation No. 2

I concur with your recommendation that OCDEF should clarify the term “indirect costs,” which appears in its reimbursable agreements, and OCDEF already has done so.

During the summer of 2003, at my direction, OCDEF undertook its own review and analysis of its reimbursable agreements to ensure that those agreements fully and clearly conveyed appropriate financial and program standards. This was done as part of the OCDEF Program’s overall emphasis on program management and accountability. As a result of this process, OCDEF revised its FY 2004 Reimbursement Agreement with all OCDEF agency participants in several significant respects, including to address the vagueness of the term “indirect costs.” The FY 2004 Reimbursement Agreement will replace the term “indirect costs” with “direct overhead expenses.”

A copy of the revised Reimbursement Agreement form, containing the “direct overhead expenses” language, is attached as Exhibit A. Given that no FY 2004 funds have yet been authorized, there is no signed FY 2004 agreement with the Bureau of Customs Enforcement (BICE) in place at this time. However, the terms of this agreement have been reviewed and approved by the Justice Management Division and approved by me, as Acting Director for OCDEF, for use in FY 2004. Any modifications to the attached form would be minor and would not affect the substance of the requirements. In addition, the budget representatives from each participating agency have been advised that the requirements contained in the FY 2004 Reimbursement Agreement are in effect as of October 1, 2003, even if the agencies are operating without a signed agreement under a Continuing Resolution. A copy of that memorandum is attached hereto as Exhibit B.

I also concur that OCDEF’s reimbursable agreements should include language to address whether unobligated funds may be transferred among object classes. OCDEF similarly had identified this precise issue when it undertook its own review and analysis of its reimbursable agreements. Accordingly, OCDEF’s revised FY 2004 Reimbursement Agreement with all OCDEF agency participants specifically states: “Object class amounts may not be transferred from one object class to another without prior written notice to the OCDEF budget section.” The revised Reimbursement Agreement form, attached as Exhibit A, contains this language.

Recommendation No. 3

I concur with establishing a process that enables the OCDEF Executive Office to obtain adequate documentation for all billed costs. It is the practice of most OCDEF-member agencies

that all OCDETF obligations and expenditures be approved in the field by the agency's OCDETF Regional Coordinator. It is also generally the responsibility of the Regional Coordinator to track the receipt of any goods and services and to maintain appropriate documentation. This practice ensures that the obligations and expenditures are reviewed and monitored by an individual who is knowledgeable about the underlying investigations to which the costs relate. For FY 2004, OCDETF has included language in its revised Reimbursement Agreement to ensure that this procedure, in fact, is followed by all participating agencies. The Agreement specifically provides: "Supporting documentation for all expenditures must be received and reviewed by the Agency or its designee prior to the submission of billings to OCDETF to ensure that such expenditures are proper OCDETF-related expenditures. Submission of the billings will constitute a certification by the Agency that such a review has been conducted and that expenditures are appropriate for payment. Supporting documentation shall be retained by the Agency or its designee for a period of six (6) years."

A copy of the FY 2004 Reimbursable Agreement form containing this language is attached as Exhibit A.

In addition, the way in which OCDETF agent time will be calculated by the Bureau of Customs Enforcement beginning in FY 2004 also will address this issue. Indeed, as you note in your Report, INS was the only agency participating in the OCDETF Program that designated particular agents to work only on OCDETF matters; all other agencies track and aggregate the total OCDETF work hours of their entire workforce to calculate the number of FTEs allocated to the OCDETF Program and, therefore, eligible for reimbursement. It will be the practice of BICE, for purposes of OCDETF participation, to employ the latter method and to track and aggregate total OCDETF work hours of both its "legacy Customs" and "legacy INS" agents.

Recommendation No. 4

I concur with your recommendation that only expended obligations should be reimbursed. In fact, this has been the recent policy of the OCDETF budget section, and the revised FY 2004 Reimbursement Agreement contains an explicit statement of that policy. In particular, the Agreement specifically provides: "All billings shall be based on accrued expenditures, not anticipated obligations." A copy of the FY 2004 Reimbursement Agreement form containing this language is attached as Exhibit A. In addition, I have issued a memorandum to the OCDETF budget staff reiterating this policy and the fact that no exceptions to this policy will be permitted. A copy of that memorandum is attached hereto as Exhibit C.

Recommendation No. 5

I concur with your recommendation that an agency should submit a quarterly comparison of costs incurred to budgeted amounts, by object classification. OCDETF already identified this as a sound practice, and has taken steps to implement a quarterly reporting process. In particular, OCDETF's revised FY 2004 Reimbursement Agreement provides: "Prior to the approval and

funding of OCDETF resources, the Agency will submit a financial operating plan, by quarter and by object class, to the OCDETF budget section. Quarterly obligation reports by object class must be submitted to the OCDETF budget section within 21 days from the close of the quarter.” A copy of the FY 2004 Reimbursement Agreement form is attached as Exhibit A.

Recommendation No. 6

I concur with your recommendation and recognize that INS’s former three-year retention policy was inadequate. Consistent with your recommendation, OCDETF’s revised FY 2004 Reimbursement Agreement requires that all participating agencies retain supporting documentation for a period of six (6) years. A copy of the FY 2004 Reimbursement Agreement form is attached as Exhibit A.

Recommendation No. 7

I concur that it is important for the OCDETF Executive Office to have access to documentation to validate agent work hours. As noted above, however, BICE will no longer be dedicating specific INS investigative agents to work OCDETF matters. Rather, all agent work hours on OCDETF will be aggregated to calculate the total number of agent FTE allocated to the OCDETF Program and, therefore, eligible for reimbursement. This practice will take effect at the start of FY 2004. The time sheets maintained by BICE will be available to OCDETF to track and to monitor the OCDETF-related hours of all BICE agents, including those formerly from INS.

If you have any questions concerning these comments or the attached information, please feel free to call me directly at (202) 307-2090.

cc: Marilyn Kessinger, OIG
Michael Garcia, BICE
Joseph Greene, BICE

EXHIBIT A

U.S. Department of Justice
Reimbursement Agreement Between Agencies

Bar Code

Parties to the Agreement:

Provider Agency				Customer Agency		
Provider Cost Center	RCN	RCN Description		Customer Contact	Phone	
Provider Contact			Phone	Executive Office for OCDETF, Criminal Division		
Customer Number		Customer Alias		601 D Street, NW Rm 6426		
Provider Name				Customer Name (If billing address is different, specify on reverse)		
Address				Address		
				See Above		
City	State	Zip		City	State	Zip

Duration

This agreement shall become effective on 10/1/2003 and shall continue through 9/30/2004.

Provide the Following Services or Goods:

Investigative/Prosecutive activities in support of the Organized Crime Drug Enforcement Task Force Program for the period of October 1, 2003 through September 30, 2004 (FY 2004).

The estimated amount for services is based on the allocation of resources made available pursuant to P.L. _____, the Department of Justice Appropriations Act for FY 2004. The allocation to the [INSERT Agency Name] (hereafter "the Agency") is not to exceed [INSERT amount], which will support an estimated [INSERT number] positions/FTE. The OCDETF Director or his/her designee will be notified in writing prior to any redirection of OCDETF-funded resources from the Program to other mission needs.

Conditions of Agreement

Prior to the approval and funding of OCDETF resources, the Agency will submit a financial operating plan, by quarter and by object class, to the OCDETF budget section.

Quarterly obligation reports by object class must be submitted to the OCDETF budget section within 21 days from the close of the quarter.

Object class amounts may not be transferred from one object class to another without prior written notice to the OCDETF budget section.

All billings shall be based on accrued expenditures, not anticipated obligations. Bills shall include both direct costs and direct overhead expenses.

All billings must be submitted to the OCDETF budget section for prior approval. In the case of billings processed through the Interagency Payment and Collection (IPAC) system, billings must be forwarded to the OCDETF budget section for approval prior to the electronic submission of the billings. Failure to do so will result in the entire billed amount being charged back to the billing agency.

Supporting documentation for all expenditures must be received and reviewed by the Agency or its designee prior to the submission of billings to OCDETF, to ensure that such expenditures are proper OCDETF-related expenditures. Submission of the billings will constitute a certification by the Agency that such a review has been conducted and that expenditures are appropriate for payment. Supporting documentation shall be retained by the Agency or its designee for a period of six (6) years.

Direct OCDETF investigative and/or prosecutive activities are defined as activities in support of an investigation and/or prosecution which has been approved as an OCDETF investigation and for which a fully-executed OCDETF Investigation Initiation Form has been processed. OCDETF Investigation Initiation Forms will not be post dated.

Certain direct expenditures on investigations which ultimately lead to an approved OCDETF investigation may also be reimbursed under this agreement. Generally, these shall be limited to fully documented costs incurred during the 30 calendar day period (for drug investigations) or the 90 calendar day expenditures period (for primary money laundering investigations) immediately prior to the date on which the OCDETF Investigation Initiation Form is fully executed. Generally a maximum of payroll costs for three (3) agent/attorney FTE and \$10,000.00 in non-personnel costs may be reimbursed in the pre-OCDETF approval stage. Requests for exceptions to these limitations must be submitted with full documentation to the OCDETF budget section for approval.

Within 30 days of signing this agreement, the Agency will provide to the OCDETF Director, for review and approval, a report showing the proposed allocation of any new resources, by geographic location. The OCDETF Director shall be provided written notice of any proposed change in that allocation.

The Agency will report actual FY 2003 OCDETF FTE allocations by geographical location (specifically, by Federal Judicial District) to the OCDETF Director or his/her designee by December 31, 2003.

The Agency and all personnel participating in the OCDETF Program will comply with all OCDETF Program policies, practices, guidelines, operating procedures and reporting requirements.

The Agency receiving OCDETF funds will ensure that obligations and costs comply with the Federal Manager's Financial Integrity Act (P.L. 97-255); that expenditures are properly recorded and accounted for; that financial records are kept in accordance with the General Records Schedule; and that funds are safeguarded against waste, loss, unauthorized use or misappropriation.

(Attach additional sheet for continuation of explanation, if necessary.)						Estimated Amount NTE	
Customer Financing:							
(Customer agency will indicate accounting data to be charged by completing applicable blocks. Federal agencies will be billed by IPAC.)							
Agency Location Code	Approp Symbol	Cost Center	YReg Doc	Obl Month	Obl SOC	Pay SOC	
					2590	2590	
Other Accounting Information (Where applicable, multiple Obligation Month and SOC data should be identified in this block. Customers not using the FMIS may use this block to describe unique data required for their accounting system.)							
Approvals:							
(See reverse side of form.)							
Approved for Provider Office:				Approved for Customer Office:			
Organization				Organization			
				Executive Office for OCDETF, Criminal Division			
Signature				Signature			
				Catherine M. O'Neil, Acting Director			
Title				Title			
* When intrafund billing data are manually submitted to the billing office, the Provider Intrafund Data block on the reverse side must be completed by the provider of the goods or service.							
FORM DOJ-216 Jul-94							
Provider Intrafund Data (For crediting revenues to the Provider)							
YRegDoc	Obl Month	Obligation SOC	Payment SOC				
		2590	2590				
Other Accounting Information (Where applicable, multiple Obligation Month and SOC data should be identified in this block)							

Billing Address		
Name OCDETF Executive Office		
Address 601 D Street, NW Suite 6426		
City Washington, DC	State	Zip 20530
Contact	Phone	

EXHIBIT B



U.S. Department of Justice

Office of the Deputy Attorney General


Associate Deputy Attorney General
Acting Director for the Organized Crime Drug Enforcement Task Forces

Washington, D.C. 20530

October 1, 2003

MEMORANDUM

To: OCDETF Agency Budget Representatives

From: Catherine M. Neil 
Associate Deputy Attorney General
Acting Director, OCDETF

Subject: FY 2004 Reimbursement Agreement Provisions to take effect October 1, 2003

On September 25, 2003, I distributed the revised FY 2004 OCDETF Reimbursement Agreement for your review. The agreement already had been reviewed and approved by JMD budget staff. As I discussed with your Operations Chiefs, the Agreements reflect the new requirements that will be imposed on all participating agencies to improve overall accountability throughout the OCDETF Program.

Please be advised that, despite the fact that OCDETF and its participants will operate under a Continuing Resolution, the fundamental requirements contained in the Agreement will be in effect, and will apply to any OCDETF funds expended, beginning October 1, 2003. This will be the case whether or not FY 2004 funds have been authorized.

For your convenience, I have re-attached the Reimbursement Agreement to this memorandum. Please remember that any concerns regarding the new requirements should be directed to me on or before October 10, 2003.

If you have any questions, please contact Budget Officer Donna Ching at (202) 514-1860.

Attachment

EXHIBIT C



U.S. Department of Justice

Office of the Deputy Attorney General


Associate Deputy Attorney General
Acting Director for the Organized Crime Drug Enforcement Task Forces

Washington, D.C. 20530

October 1, 2003

MEMORANDUM

To: OCDETF Executive Office Budget Staff

From: Catherine  O'Neil
Associate Deputy Attorney General
Acting Director, OCDETF

Subject: Reimbursement for OCDETF Expenditures

Please be advised that it has been the policy of the OCDETF Program that only accrued expenditures by OCDETF member agencies - and not anticipated obligations - may be reimbursed. The FY 2004 Reimbursement Agreement for OCDETF agency participants will contain the following language:

“All billings shall be based on accrued expenditures, not anticipated obligations.”

All OCDETF member agencies have been made fully aware of this policy. **There will be no exceptions.** Please direct any questions you have regarding this directive to my attention.

**OFFICE OF THE INSPECTOR GENERAL, AUDIT DIVISION
ANALYSIS AND SUMMARY OF ACTIONS NEEDED TO
CLOSE THE REPORT**

The Executive Office (EO) for the Organized Crime Drug Enforcement Task Forces (OCDETF) was provided a draft of the report and its comments on the findings and recommendations were considered in preparing this Analysis and Summary of Actions Needed to Close the Report. Since the EO concurred with all of the recommendations, this report is being issued as resolved. We will continue to review the actions taken in order to assess whether the findings have been adequately addressed and recommendations implemented. Once the following requested action has been completed, the recommendations will be closed.

Recommendation No.

- 1. Resolved.** This recommendation can be closed when we receive a copy of the results of the EO's review and its determination of the appropriate remedy for the approximately \$6.7 million of questioned costs.
- 2. Closed.** This recommendation is closed based on your response and the revised FY 2004 Reimbursement Agreement form OCDETF intends to use with all OCDETF agency participants.
- 3. Closed.** This recommendation is closed based on your response and the revised FY 2004 Reimbursement Agreement form OCDETF intends to use with all OCDETF agency participants.
- 4. Closed.** This recommendation is closed based on your response and the revised FY 2004 Reimbursement Agreement form OCDETF intends to use with all OCDETF agency participants.
- 5. Resolved.** This recommendation can be closed when we receive a copy of a BICE quarterly obligation report including a comparison of costs incurred during the quarter, by object classification, to budgeted amounts.
- 6. Closed.** This recommendation is closed based on your response and the revised FY 2004 Reimbursement Agreement form OCDETF intends to use with all OCDETF agency participants.
- 7. Resolved.** This recommendation can be closed when we receive:
 - a copy of a bill submitted by the BCIE that includes the new billing methodology that aggregates agent work hours on OCDETF work; and
 - a sample of time sheets used by the BICE to track and to monitor the OCDETF-related hours of BICE agents who were formerly from the INS.