

Department of Homeland Security **Office of Inspector General**

Independent Review of the U.S. Immigration and
Customs Enforcement's Reporting of FY 2011 Drug
Control Performance Summary Report





Homeland
Security

JAN 30 2012

Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the Department.

This report presents the results of the review of the Performance Summary Report of the U.S. Immigration and Customs Enforcement (ICE) for the year ended September 30, 2011, for the Office of National Drug Control Policy (ONDCP). We contracted with the independent public accounting firm KPMG LLP to perform the review. ICE prepared the Performance Summary Report and Management Assertions to comply with requirements of the ONDCP Circular, *Drug Control Accounting*, dated May 1, 2007. Based on the review, nothing came to KPMG's attention that caused them to believe that the Performance Summary Report for the year ended September 30, 2011, is not presented, in all material respects, in conformity with the ONDCP's Circular, or that management's assertions are not fairly stated, in all material respects, based on the criteria set forth in the ONDCP's Circular. KPMG LLP is responsible for the attached independent accountants' report dated January 20, 2012, and the conclusions expressed in it. We do not express an opinion on the Performance Summary Report and management's assertions.

We trust this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in cursive script that reads "Anne L. Richards".

Anne L. Richards

Assistant Inspector General for Audits



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Accountants' Report

Acting Inspector General
U.S. Department of Homeland Security:

We have reviewed the accompanying Performance Summary Report of the U.S. Department of Homeland Security's (DHS) Immigration and Customs Enforcement (ICE) for the year ended September 30, 2011. We have also reviewed the accompanying management's assertions for the year ended September 30, 2011. ICE's management is responsible for the Performance Summary Report and the assertions.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Performance Summary Report and management's assertions. Accordingly, we do not express such an opinion.

Management of ICE prepared the Performance Summary Report and management's assertions to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007 (the Circular).

Based on our review, nothing came to our attention that caused us to believe that (1) the Performance Summary Report for the year ended September 30, 2011, is not presented, in all material respects, in conformity with the Circular, or that (2) management's assertions referred to above are not fairly stated, in all material respects, based on the criteria set forth in the Circular.

This report is intended solely for the information and use of management of DHS and ICE, the DHS Inspector General, the ONDCP, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 20, 2012

Office of Chief Financial Officer

U.S. Department of Homeland Security
500 12th Street, SW
Washington, D.C. 20536



U.S. Immigration
and Customs
Enforcement

January 19th, 2012

Mr. John Shiffer
Department of Homeland Security
Director of Financial Management
Office of the Inspector general

Dear Mr. Shiffer,

In Accordance with the Office of National Drug Control Policy circular, *Drug Control Accounting*, dated May 1, 2007, enclosed is Immigration and Customs Enforcement's report of FY 2011 drug performance metrics and targets.

If you require further assistance on this information, please contact Joseph Grosodonia at (202)-732-6244.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Macecevic".

Lisa Macecevic
Director, Office of Budget and Program Performance
U.S. Immigration and Customs Enforcement

**U.S. Department of Homeland Security
U.S. Immigration and Customs Enforcement**

**Performance Summary Report of Drug Control Funds during FY 2011
International Affairs**

Metric 1: Percentage of overseas investigative hours spent on drug related cases.

FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 <i>Target</i>	FY 2011 Actual	FY 2012 <i>Target</i>
NA	4.4%	3.8%	4.9%	4.5%	6.3%	5.0%

(1) Description

The outcome metric for International Affairs as a whole is the percentage of overseas investigative hours spent on drug related cases. This metric evaluates the percentage of ICE's overall overseas investigations that go towards counter-narcotics enforcement.

International Affairs supports U.S. drug control policy, specifically Office of National Drug Control Policy (ONDCP) initiatives, by supporting the overall ICE mandate to detect, disrupt, and dismantle smuggling organizations. Increased hours spent on drug related cases directly leads to increased detection, disruption and dismantlement of drug smuggling organizations. International Affairs' investigative resources are directed at organizations smuggling contraband (including narcotics) into the United States. International Affairs partners with domestic ICE components and with U.S. law enforcement agencies overseas to leverage overseas resources mitigating global narcotics threats to the U.S. This includes utilizing investigative and intelligence techniques to support domestic cases and interagency cross-border initiatives. The metric was not established until FY 2008, thus there are no data for FY 2007.

This counter-narcotics performance metric is evaluated on a consistent basis for International Affairs. It is, in some cases, put into Senior Executive Service (SES) performance plans, and is also tracked at a high managerial level by way of processes such as Homeland Security Investigations (HSI) Trak, ICE Trak, programmatic monitoring, financial monitoring and quarterly expenditure reports.

(2) FY 2011 actual performance results

In FY 2011, 6.3% of overseas investigative case hours were spent on drug related cases, exceeding the target of 4.5%. The percentage of overseas investigative hours spent on drug related cases is derived by dividing the drug related case hours by the total investigative case hours of overseas agents.

(3) The performance target for FY 2012

The performance target for FY 2012 is 5.0%. The 5.0% target is based upon an average of the three prior years' performance results. In addition, the Domestic Investigations program performs quality control checks in order to ensure results from the Treasury Enforcement

Communication System (TECS) system are reliable. In establishing this metric, International Affairs plans to have sufficient resources to support the same level of effort on drug related investigations.

(4) Quality of Performance Data

The database used to obtain International Affairs performance data is the TECS. International Affairs relies on the TECS system to ensure the performance data is accurate, complete, and unbiased in presentation and substance. Domestic Investigations conducts quality control verification on all data received through the TECS to ensure the performance data are accurate, complete, and unbiased in presentation and substance.

Performance Summary Report of Drug Control Funds during FY 2011 Intelligence

Metric 1: Number of counter-narcotics intelligence requests satisfied.

FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 <i>Target</i>	FY 2011 Actual	FY 2012 <i>Target</i>
NA	82	1,969	338	796	2,721	3,500

(1) Description

Intelligence supports its customers by satisfying their intelligence requirements – providing products and services that inform customers and close existing “intelligence gaps.” Customer requirements are formally documented and captured within the Intelligence Information Management System (IIMS). The IIMS was implemented in FY 2010 to replace the Intelligence Requirement Intake System (IRIS). Customers elaborate their requirements in the IIMS which are then analyzed and assigned to the appropriate analytic components. Levied requirements are then either “satisfied” by Intelligence, or not. In the latter case, an intelligence gap remains. Satisfaction of customer requirements represents the “outcome” of Intelligence’s production in that satisfying customer requirements closes the gap in their information needs and allows customers to make informed decisions about executing law enforcement actions. The metric was not established until FY 2008, thus there are no data for FY 2007.

This counter-narcotics performance metric is evaluated on a consistent basis for Intelligence, and is in some cases put into SES performance plans, but is also tracked at a high managerial level via such processes as HSI Trak, ICE Trak, programmatic monitoring, financial monitoring and quarterly expenditure reports.

(2) FY 2011 actual performance results

In FY 2011, Intelligence accounted for 2,721 satisfied requests, as reported in the IIMS. The FY 2011 target of 796 satisfied requests was met. In FY 2010, Intelligence experienced data migration issues from a previous system which led to difficulty in setting an accurate FY 2011 target. The migration issues led to too many requests being counted in the system.

(3) Performance Target for FY 2012

The performance target for FY 2012 is 3,500 counter-intelligence requests satisfied based on extrapolating year to date results to a full twelve months. ICE uses a projection of year to date results for its performance metric to exclude data migration issues from FY 2010 from its projections. Intelligence is evaluating the possibility of re-baselining the “satisfied intelligence requests” performance metric in FY 2013, due to planned changes to the criteria for what qualifies as a true Request for Information (RFI). In FY 2011, all entries to the Intelligence IIMS were categorized as RFI. An analysis of the requests revealed that many of these requests were for basic level, relatively easy-to-satisfy “case support” information. Under the new methodology, Intelligence plans to only designate as true RFI’s those requests that will require

intensive analytical support to satisfy, and result in a formal intelligence product, such as a Homeland Security Intelligence Report. As a result of these planned changes, Intelligence would expect the number of satisfied counter-narcotics intelligence requests for FY 2013 to be significantly lower than FY 2011 actual results and FY 2012 target.

(4) Quality of Performance Data

The database used to validate Intelligence's performance data is the IIMS. Intelligence conducts quality control verification on the IIMS data to ensure the performance data are accurate, complete, and unbiased in presentation and substance. The IIMS was deployed in FY 2010, and data existing in the IRIS were migrated. A portion of the performance data relevant to total FY 2010 RFIs was not available after the data migration was completed, but for FY 2011, all RFIs were captured in the IIMS.

**Performance Summary Report of Drug Control Funds during FY 2011
Domestic Investigations**

Metric 1: Percent of closed investigations which have an enforcement consequence (arrest, indictment, conviction, seizure, fine or penalty)

FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 <i>Target</i>	FY 2011 Actual	FY 2012 <i>Target</i>
35.8%	46.3%	47.7%	48.8%	49.9%	52.0%	49.5%

(1) Description

The outcome metric for Domestic Investigations as a whole is the percentage of closed investigations that have an enforcement consequence defined as arrest, indictment, conviction, seizure, or penalty. This metric evaluates the percent of closed cases worked by HSI-Domestic in a selected fiscal year that produced an enforcement consequence (e.g., arrest, indictment, conviction, seizure, fine and/or penalty).

More effective immigration and trade enforcement will contribute to enhanced homeland security, as well as to greater deterrence. One method for measuring this effectiveness is to determine the extent to which criminal investigations are completed successfully, i.e., closed with an enforcement consequence. However, although many criminal cases arise that are worth pursuing, the potential of an investigation is not known at its inception; therefore, it is to be expected that many cases will be closed each year without an enforcement consequence when it is determined that investigation is no longer viable. Successful investigations also expose and remove, or contribute to the elimination of, vulnerabilities in various aspects of trade and immigration, i.e., the ways in which criminals manage to evade safeguards established to prevent their illegal activity, and areas in which such safeguards are lax or do not exist.

This counter-narcotics performance metric is evaluated on a consistent basis for Domestic Investigations. It is, in some cases, put into SES performance plans, and is also tracked at a high managerial level by way of processes such as HSI Trak, ICE Trak, programmatic monitoring, financial monitoring and quarterly expenditure reports.

(2) FY 2011 actual performance results

Final performance results for metric one in FY 2011 was 52.0% exceeding the FY 2011 target of 49.9%

Domestic Investigations is in the process of establishing new performance metrics in FY 2012 to better indicate the success of counter-narcotics enforcement. The new performance metric will be “the percentage of high impact or high risk drug investigations that result in a disruption or dismantlement.” Cases are deemed high impact or high risk based on a pre-defined set of criteria, and are reviewed by a significant case panel on a regular basis. A disruption is defined as actions taken in furtherance of the investigation that impede the normal and effective operation of the

target organization or targeted criminal activity. A dismantlement is defined as destroying the target organization's leadership, network, and financial base to the point that the organization is incapable of reconstituting itself.

This new performance metric will replace Domestic Investigations' current counter-narcotics performance metrics in FY 2013.

(3) Performance target for FY 2012

The performance target for FY 2012 is 49.5%. The target is based on an average of the three previous years' performance results. In addition, the Domestic Investigations program performs quality control checks in order to ensure results from the TECS system are reliable. In establishing this metric, Domestic Investigations plans to have sufficient resources to support the same level of effort on drug related investigations.

(4) Quality of Performance Data

The database used to validate Domestic Investigations performance data is TECS. Domestic Investigations relies on the TECS system to ensure the performance data are accurate, complete, and unbiased in presentation and substance. Domestic Investigations conducts quality control verification on all data received through TECS to ensure the performance data are accurate, complete, and unbiased in presentation and substance.

Metric 2: Percent of closed drug smuggling investigations which have an enforcement consequence (arrest, indictment, conviction, seizure, fine or penalty).

FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 <i>Target</i>	FY 2011 Actual	FY 2012 <i>Target</i>
NA	74.7%	74.3%	72.7%	78.0%	72.0%	73.0%

(1) Description

Domestic Investigations performance metrics tie drug control efforts to impacts on the systems by which drugs and drug money are moved and stored. This metric evaluates the percent of closed drug smuggling cases worked by Domestic Investigations in a selected fiscal year that produced an enforcement consequence (e.g., arrest, indictment, conviction, seizure, fine and/or penalty). This metric is a subset of the closed investigations discussed in Metric One.

More effective immigration and trade enforcement will contribute to enhanced homeland security, as well as to greater deterrence. One method for measuring this effectiveness is to determine the extent to which drug smuggling investigations are completed successfully, i.e., closed with an enforcement consequence. However, although many drug smuggling cases arise that are worth pursuing, the potential of an investigation is not known at its inception; therefore, it is to be expected that many cases will be closed each year without an enforcement consequence when it is determined that the investigation is no longer viable. Successful investigations also expose and remove, or contribute to the elimination of, vulnerabilities in various aspects of trade and immigration, i.e., the ways in which criminals manage to evade safeguards that prevent their illegal activity, and areas in which such safeguards are lax. The metric was not established until FY 2008, thus there are no data for FY 2007.

This counter-narcotics performance metric is evaluated on a consistent basis for Domestic Investigations. It is, in some cases, put into SES performance plans, and is also tracked at a high managerial level by way of processes such as HSI Trak, ICE Trak, programmatic monitoring, financial monitoring and quarterly expenditure reports.

(2) FY 2011 actual performance results

In FY 2011, 72.0% of the drug smuggling cases closed resulted in an enforcement consequence. Thus, the FY 2011 target of 78.0% was not met. Investigations are not closed until the criminal judicial proceedings take their turn. As judicial proceedings are out of the control of ICE, their results are highly variable, and Domestic Investigations continually reevaluates the allocation of investigative hours to the highest risk priority investigations.

The baseline for this metric was established in FY 2008 and is tracked by quarter. The FY 2011 actual results were calculated by averaging the quarterly percentages for closed drug smuggling investigative cases which have an enforcement consequence (arrest, indictment, conviction, seizure, fine, or penalty).

Domestic Investigations is in the process of establishing new performance metrics in FY 2012 to better indicate the success of counter-narcotics enforcement. The new performance metric will be “the percentage of high impact or high risk drug investigations that result in a disruption or dismantlement.” Cases are deemed high impact or high risk based on a pre-defined set of criteria, and are reviewed by a significant case panel on a regular basis. A disruption is defined as actions taken in furtherance of the investigation that impede the normal and effective operation of the target organization or targeted criminal activity. A dismantlement is defined as destroying the target organization’s leadership, network, and financial base to the point that the organization is incapable of reconstituting itself.

This new performance metric will replace Domestic Investigations’ current counter-narcotics performance metrics in FY 2013.

(3) Performance target for FY 2012

The performance target for FY 2012 is 73.0%. The target is based upon an average of three prior years’ performance results. Domestic Investigations has taken proactive steps, including the use of the Significant Case Report Module in the TECS, to enhance its management practices to better allocate investigative resources.

(4) Quality of Performance Data

The database used to validate Domestic Investigations performance data is the TECS. Domestic Investigations relies on the TECS system to ensure the performance data are accurate, complete, and unbiased in presentation and substance. Domestic Investigations conducts quality control verification on all data received through the TECS to ensure the performance data are accurate, complete, and unbiased in presentation and substance.

ICE Management Assertion Report

Management Assertions

- 1. Performance reporting system is appropriate and applied.**
ICE has systems to capture performance information accurately and those systems were properly applied to generate the performance data.
- 2. Explanations for not meeting performance targets are reasonable.**
In FY 2011, ICE provided reasonable explanations for established performance targets that were not met.
- 3. Methodology to establish performance targets is reasonable and applied.**
The methodology described above to establish performance targets for FY 2012 is reasonable given past performance and available resources.
- 4. Adequate performance metrics exist for all significant drug control activities.**
ICE has established more than one acceptable performance metric for its Drug Control Decision Unit—Salaries and Expense.

Exhibit 1: Additional Drug Enforcement Statistics

Domestic Investigations keeps track of additional statistics to monitor their drug enforcement efforts. Domestic Investigations does not set targets for seizures and only provides year end data. Note “high impact” as discussed in statistics 3 through 6 is defined as the weight limit for a seizure that would constitute a federal drug identification number from the El Paso Intelligence Center.

Statistic 1: Dollar value of real or other property seizures derived from/and/or used in drug operations.

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
\$94.2 M	\$47.2 M	\$53.7 M

Statistic 2: Dollar value of seized currency and monetary instruments from drug operations.

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
\$155.3 M	\$115.2 M	\$232.4 M

Statistic 3: Percentage of total cocaine seizures considered high impact.

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
62%	60%	54%

Statistic 4: Percentage of heroin seizures considered high impact.

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
67%	71%	68%

Statistic 5: Percentage of marijuana seizures considered high impact.

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
57%	57%	48%

Statistic 6: Percentage of methamphetamine seizures considered high impact.

FY 2009 Actual	FY 2010 Actual	FY 2011 Actual
52%	56%	65%

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