



Department of Homeland Security Office of Inspector General

The Responsibilities of the Office of Counternarcotics Enforcement





Homeland Security

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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 addresses how the DHS Office of Counternarcotics Enforcement has implemented its statutory responsibilities. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

The recommendations herein have been developed to the best knowledge available to our office, and have been discussed in draft with those responsible for implementation. 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.

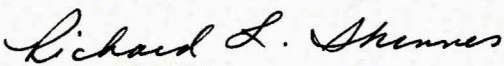

Richard L. Skinner
Inspector General

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Abbreviations

CBP	Customs and Border Protection
CNE	Office of Counternarcotics Enforcement
DEA	Drug Enforcement Administration, Department of Justice
DHS	Department of Homeland Security
EPIC	El Paso Intelligence Center, Department of Justice
FBI	Federal Bureau of Investigation, Department of Justice
ICE	Immigration and Customs Enforcement
IRTPA	Intelligence Reform and Terrorism Prevention Act of 2004
JTTF	Joint Terrorism Task Force
NDIC	National Drug Intelligence Center, Department of Justice
OIA	Office of International Affairs
ONDCP	Office of National Drug Control Policy, Executive Office of the President
PA&E	Program Analysis & Evaluation
SOD	Special Operations Division, Drug Enforcement Administration
USCG	United States Coast Guard
USIC	United States Interdiction Coordinator

OIG

*Department of Homeland Security
Office of Inspector General*

Executive Summary

This report assesses the effectiveness of the Office of Counternarcotics Enforcement. The office, created in 2004 by the Intelligence Reform and Terrorism Prevention Act, is charged with coordinating Department of Homeland Security counternarcotics policies, ensuring the adequacy of the department's counternarcotics resources, reviewing agency budgets, tracking and severing drug-terror connections, and representing the department in counternarcotics working groups and other entities.

We evaluated whether the office has fulfilled its statutory responsibilities. Some staff in the Office of Counternarcotics Enforcement we interviewed, as well as personnel at other agencies, expressed concern about the office's ability to accomplish its mandates. As we examined the office's performance, we identified an assortment of challenges that have hampered staff and diminished mission effectiveness.

We determined that the office faces inherent difficulties. Although the office has had trouble fulfilling statutory responsibilities, it could be more efficient and effective by establishing better relationships with partners, coordinating counternarcotics policy, and ensuring the adequacy of the department's interdiction resources. We are making nine recommendations to enhance the ability of the office to meet its various responsibilities. The Office of Counternarcotics Enforcement concurred with six of those recommendations.

Background

Among many responsibilities, the Department of Homeland Security (DHS) is charged with preventing the entry of illegal drugs into the United States and diminishing the threat of drug trafficking, the world's most lucrative criminal activity.¹ Reducing this threat is of special interest to the department because some terrorists finance operations with money raised through narcotics trafficking. For example, terrorists financed the 2004 Madrid train bombings mainly through the sale of hashish.² In 2008, a Drug Enforcement Administration (DEA) assistant administrator noted that Hamas and Hezbollah remain active in the South American drug trade.³ Even if these groups do not directly threaten the United States, narcotics traffickers have the capacity to destabilize friendly governments, undermine U.S. foreign policy, and generate widespread violence.

Several DHS components have a role in counternarcotics activities. Four prominent DHS players are illustrated in Table 1.

Table 1. Counternarcotics Roles of Various DHS Entities

Entity	Counternarcotics Roles
Customs and Border Protection	Interdict narcotics while facilitating the flow of legitimate travel and commerce along U.S. land borders and at ports of entry.
Intelligence & Analysis	Assist communication and information exchange among law enforcement agencies; process information on border threats to produce intelligence products.
Immigration and Customs Enforcement	Develop drug seizure leads on money laundering networks and drug trafficking organizations; participate in joint investigations; and reduce illegal arms trafficking.
United States Coast Guard	Coordinate maritime security; decrease maritime vulnerability; and interdict narcotics in the maritime environment.

Other parts of the department, such as the Science and Technology Directorate and the Federal Law Enforcement Training Center also play a role in the counternarcotics field. Because these diverse

¹ *Drug Trafficking and Middle Eastern Terrorist Groups: A Growing Nexus?*, July 2008, www.washingtoninstitute.org/print.php?template=C05&CID=2914

² *The Money Trail: Finding, Following, and Freezing Terrorist Finances*, November 2008, page 51. www.washingtoninstitute.org/pubPDFs/PolicyFocus89.pdf

³ *Drug Trafficking and Middle Eastern Terrorist Groups: A Growing Nexus?*, July 2008, www.washingtoninstitute.org/print.php?template=C05&CID=2914

counternarcotics missions would require coordination, the 2002 Homeland Security Act established the position of DHS Counternarcotics Officer to facilitate policy implementation, review agency counternarcotics budgets, and sever links between drug traffickers and terrorists. The Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) replaced the Counternarcotics Officer with the Office of Counternarcotics Enforcement (CNE).⁴ A 2005 DHS management directive established the Director of CNE as the Secretary's principal advisor on the adequacy of DHS counternarcotics resources.⁵ The management directive is attached as Appendix C.

Section 7407(e) of IRTPA states that the CNE Director is required:

- “To coordinate policy and operations within [DHS], between [DHS] and other Federal departments and agencies, and between [DHS] and State and local agencies with respect to stopping the entry of illegal drugs into the United States;
- To ensure the adequacy of resources within [DHS] for stopping the entry of illegal drugs into the United States;
- To recommend the appropriate financial and personnel resources necessary to help [DHS] fulfill its responsibility to stop the entry of illegal drugs into the United States;
- Within the Joint Terrorism Task Force construct to track and sever connections between illegal drug trafficking and terrorism; and
- To be a representative of [DHS] on all task forces, committee, or other entities whose purpose is to coordinate the counternarcotics enforcement activities of [DHS] and other Federal, State or local agencies.”⁶

As an independent office that reports directly to the DHS Secretary, CNE oversees DHS counternarcotics policy and resource allocation, but does not control DHS operations.⁷ The 2002 Homeland Security Act had given the Counternarcotics Officer the title of United States Interdiction Coordinator (USIC), a position statutorily charged with coordinating interagency counternarcotics efforts.⁸ When IRTPA established CNE, the statute did not give the CNE Director the USIC role. IRTPA assigns responsibility for naming the USIC to the Office of

⁴ 6 U.S.C. § 458.

⁵ DHS Management Director 6400, “Office of Counternarcotics Enforcement Mission and Functions,” October 2005.

⁶ 6 U.S.C. § 458(d)

⁷ 6 U.S.C. § 458(e).

⁸ *Office of National Drug Control Policy Reauthorization Act of 2006*, P.L. 109-469.

National Drug Control Policy (ONDCP). ONDCP is not required to select CNE's Director as the USIC. However, CNE does have a role on the Interdiction Committee, a group of 13 agencies, which serves as an advisory board to the USIC and ONDCP.

Results of Review

CNE has encountered difficulties meeting its statutory responsibilities. Several factors have contributed to this. The inability of CNE to gain and empower agency liaisons has limited the office's role as a policy coordinator. Moreover, CNE has not fully implemented its responsibility to be a DHS counternarcotics representative. Although CNE needs to conduct reviews of agency budgets, we determined that this role has not been developed. We also concluded that CNE's statutory responsibility to track and sever drug-terror connections was more appropriately suited for another component. CNE has the potential to function successfully while meeting statutory mandates. Much work is needed to make CNE the dynamic organization envisioned in statute.

Improved Relationships Will Facilitate CNE's Policy Coordination Role

CNE Has Helped Develop Some Strategy Documents

Prior to 2009, CNE achieved little regarding the statutory mandate to coordinate DHS counternarcotics policy and operations. Because of the extensive counternarcotics experience in the operational components that joined the department, CNE staff had a limited ability to lead efforts to coordinate activities. Components outside of CNE perceived that the office did not have the experience or resources to coordinate general DHS efforts. Even with clear statutory authority and support from Management Directive 6400, CNE could not implement its mandates. Interviewees from DHS operational components noted that early efforts from CNE had little measurable value.

CNE has contributed to the development of three strategy documents: the *National Southwest Border Counternarcotics Strategy*, the *Northern Border Counternarcotics Strategy*, and the *Maritime Border and Transit Zone Counternarcotics Strategy*.

ONDCP, within the Executive Office of the President, among other duties, oversees counternarcotics efforts of federal agencies. For the *National Southwest Border Counternarcotics Strategy*, ONDCP designated CNE as a lead agency to develop the strategy,

along with the Department of Justice. The *National Southwest Border Counternarcotics Strategy* focused on reducing the flow of illegal drugs, drug proceeds, and correlated methods of violence across the United States-Mexico border. This document also addressed the roles that the outgoing flows of illegal currency and weapons play in sustaining drug cartels.

CNE also helped develop two other strategies, the *Northern Border Counternarcotics Strategy* and *Maritime Border and Transit Zone Counternarcotics Strategy*, to articulate how DHS will address the full range of geographic threats and entry points for illegal drugs. Many staff in other components commented favorably regarding CNE's contribution to these strategies. However, some believed that CNE merely compiled the work of others, or fulfilled a role that another entity could have completed. Although there is disagreement about CNE's contributions, CNE gained important experience working with other agencies in the creation of these documents.

In May 2009, a CNE analyst began to develop a counternarcotics doctrine. This document would establish a commonality of purpose to the range of DHS counternarcotics activities, essentially creating a roadmap for DHS entities. To establish an overall strategic direction in the counternarcotics area, this basic document should have been created during the first few months of CNE's existence. The draft doctrine, completed in July 2009, included eight tenets designed to link the department's counternarcotics effort through a common approach to fundamental principles. When finalized, the doctrine will set the standard for DHS counternarcotics components to maintain adequate interdiction resources and promote continued partnerships and the evaluation of program efficiencies.

The Deputy Secretary received the draft doctrine in October 2009. Such a delay is a testament to CNE's slow progress during the early years. The office is currently making positive strides toward becoming the coordinator of DHS counternarcotics policy.

The Requirement for Component Liaisons Has Not Been Fulfilled

Effective interaction with components is necessary for CNE to create credible policy documents. However, these important relationships did not develop quickly. Prior to its work on the strategy documents, CNE did not achieve much in the policy coordination area. CNE's role as a policy coordinator created

areas of overlap among various components. For example, United States Coast Guard (USCG) interviewees said that CNE's work on the *Maritime Strategy* was somewhat duplicative with operational documents in the maritime interdiction field. In addition, concerns existed regarding the quality of CNE's work. For example, some members of the USCG believed that CNE's contribution to a strategy on Self-Propelled Semi-Submersible watercraft was incomplete and inaccurate. According to a USCG member, the USCG offered to rewrite the strategy for CNE, but CNE published the document before the rewrite could occur.

CNE would have broader and more effective interaction with component experts if DHS implemented one of the basic requirements of the statute. Congress directed that⁹

The Secretary shall designate senior employees from each appropriate subdivision of the Department that has significant counternarcotics responsibilities to act as a liaison between that subdivision and the Office of Counternarcotics Enforcement.

We were unable to determine that this has occurred. Employees from the GS-13 to GS-15 level have been detailed to CNE from Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE). The duties, responsibilities, or authorities of these detailees have not been well documented. On occasion, these employees have been referred to as liaisons; however, they have not served as meaningful liaisons. The USCG also provided staff to CNE, but these individuals performed duties to support the USIC, rather than to meet the statutory liaison role.

We believe that it is not the intent of the statute to mandate detailees, but rather to identify a senior individual in ICE, CBP, and the USCG to serve in their own component as the principal counternarcotics liaison with CNE. This would enhance the ability of CNE to coordinate counternarcotics policy. The absence of liaisons in DHS operational components has hampered CNE's effectiveness.

According to data we received, CNE had 14 detailees between June 2004 and May 2007. Nine of these individuals were from organizations outside of DHS. CNE currently has one detailee, who represents the National Security Agency. Because the statute focuses on DHS staff, this individual and the bulk of CNE's previous detailees would not meet statutory intent.

⁹ 6 USC § 458(b)(2).

Interviewees from both in and outside CNE noted that employees detailed from other components to work in CNE did not have an established role, position descriptions, or meaningful work. Our review revealed that there were only two written agreements issued for CNE detailees through May 2007. The agreements assigned limited specific duties, but few fully defined roles. Institutional support for the employees on detail did not exist, which cost CNE its ability to establish long-term, productive relationships with DHS components. This disconnect must be corrected.

The management directive conflicts with the statutory language in IRTPA with respect to liaisons. The statute requires the Secretary to designate component liaisons, while the management directive states that the CNE Director may request liaisons from components, which will select the employee.

Interviewees at components with a counternarcotics mission informed us that the ineffective liaison support has diminished CNE's ability to articulate policy. In one instance, a component's employee noted that CNE included incorrect information in a strategy document that a liaison could have corrected. Through a comprehensive liaison program, CNE could create a viable policy coordination vision for DHS. Without effective liaisons, CNE has a diminished ability to create true partnerships with the components that have a counternarcotics mission. New liaison policy could also further define the role of detailees, solidify their positioning in CNE, and improve their interaction with CNE staff.

In addition to improving policy coordination, greater use of senior liaisons and mid-level detailees should diminish the potential for duplication across components. For example, at the request of ICE's Assistant Secretary, CNE initiated a contract to study how drug traffickers used criminal proceeds. This study included discussions of bulk cash smuggling and its effect on the flow of illicit narcotics. CNE staff said, however, that the office did not contact experts at ICE's Bulk Cash Smuggling Center to determine whether ICE had already completed or had a study in progress before initiating the \$500,000 contract. Although initiated at the request of ICE leadership, CNE should have contacted ICE's bulk cash smuggling experts before beginning the work. An ICE liaison would have been able to facilitate interaction between CNE and ICE experts to determine the proper focus for this effort, or to prevent possible duplication.

As the liaison role is developed, CNE must ensure that its policy coordination role is appropriately empowered. Although the creation of strategy documents provided some experience, CNE is not completely functioning as the department's coordinator of counternarcotics policy. New guidance is necessary to clarify the meaning of CNE's policy coordination role, because the 2005 directive did not specify how DHS offices would interact to implement CNE's policy coordination mandate. A new directive should require component liaisons and CNE staff to form a partnership to achieve cooperation between operational components of the department and CNE.

We recommend that the Secretary:

Recommendation #1: Formally designate, in accordance with the Intelligence Reform and Terrorism Prevention Act, a senior position in the USCG, CBP, and ICE as Counternarcotics Liaison Officer.

We recommend that the Director, Office of Counternarcotics Enforcement:

Recommendation #2: Create position descriptions and supporting documents that specifically describe the duties and responsibilities of detailees assigned to CNE.

Recommendation #3: Develop a counternarcotics policy coordination directive that would describe the procedures CNE would follow to fulfill its statutory mandate to coordinate component counternarcotics policies.

CNE Has Attempted to Improve Its Role as a DHS Representative

Unlike CNE, the department's legacy agencies have longstanding linkages to federal and state partners. These relationships facilitate accomplishment of counternarcotics operations across levels of government. A list of regular meetings that CNE staff attends demonstrates that CNE staff has some connections with the interagency community, but the responsibility to be a representative of the department still needs development. CNE has given more emphasis to external partnerships recently and plans to continue to stress the importance of CNE's external partnerships. Efforts to expand its role as a DHS representative include the creation of the DHS Counternarcotics Coordinating Council. This council includes senior leaders from DHS components that have

drug interdiction and departmental policy formation responsibility. These individuals advise the CNE Director in the fulfillment of his statutory duties. We did not evaluate the Council's role or its effectiveness.

CNE's attendance at various meetings and working groups has not always been productive. A staff member who attends several interagency meetings each week said that experts at other entities are not familiar with CNE's work or mission. Thus, CNE's good faith efforts to fulfill its representation responsibility are hindered because of its limited power and relatively few accomplishments during the office's early years.

DHS Management Directive 6400 made the CNE Director the principal coordinating official for all DHS counter drug policy matters. However, in early 2009, CNE's former acting director wrote a memorandum to ICE seeking support for CNE's inclusion in DEA's Special Operations Division (SOD). The SOD targets major drug trafficking and narcoterrorism organizations. With a presence at the SOD, CNE could interact with partners as a way to expand its policy coordination and DHS representation roles. Because of its mandate, CNE should have been able to address its request directly to DEA or other offices. Moreover, that request could have been made as early as 2005. This absence from an important interagency counternarcotics entity has diminished CNE's ability to coordinate policy and establish external partnerships.

Section 7407(e)(1) of IRTPA makes partnerships with state, local, and tribal entities an explicit requirement for CNE, but the office has conducted little outreach in this area. One staff member noted that CNE created a 20-page state and local outreach document, but the document was dramatically edited and not used. There was also limited interaction between CNE and state governments when the office served as the co-chair for development of the implementation plan for the 2007 *National Southwest Border Counternarcotics Strategy*. The states' contributions to the plan might have aided in the development of a more comprehensive document. For the 2009 border strategy, CNE did solicit comments from 160 state, local, and tribal officials. Although fewer than 20 state, local, or tribal officials responded, CNE's new Director, confirmed in December 2009, is poised to develop better relationships with partners. The office should continue to conduct more useful interaction with state, local, and tribal governments.

To make this new emphasis more effective, a formalized approach, through the establishment of a standard operating procedure, is necessary. This will create an opportunity for CNE to learn more about state, local, and tribal operations and how interaction at those levels can help ensure that CNE fully meets its policy coordination responsibility.

We recommend that the Director, Office of Counternarcotics Enforcement, working with the Office of the Secretary:

Recommendation #4: Establish a presence at the DEA Special Operations Division to facilitate the statutory requirements to be a representative of the department and facilitate policy coordination.

We recommend that the Director, Office of Counternarcotics Enforcement, working with the Assistant Secretary for State and Local Law Enforcement:

Recommendation #5: Create a standard operating procedure that establishes policies for CNE's interaction with state, tribal, and local law enforcement agencies.

CNE Cannot Effectively Coordinate Counternarcotics Operations

DHS operational components work in the field to stem the flow of narcotics into the United States. CBP seizes nearly four tons of narcotics daily, while the USCG, as part of its statutory duties, interdicts narcotics in the maritime environment.¹⁰ ICE uses its range of investigative capabilities to provide additional support to the department's counternarcotics operations.

6 U.S.C. § 458(e)

Nothing in this section shall be construed to authorize direct control of the operations conducted by the Directorate of Border and Transportation Security {CBP and ICE}, the Coast Guard, or joint terrorism task forces.

Because CNE has no operational authority, it should not serve as the coordinator of DHS operations. For example, according to the *Northern Border Counternarcotics Strategy*, various agencies are assigned action items, while CNE's charge is sharing information about the drug-terror nexus with the Office of Intelligence &

¹⁰ Performance and Accountability Report, Fiscal Year 2008, Customs and Border Protection

Analysis, ICE, CBP, and the USCG. CNE can coordinate policy and formulate strategy, but implementation of these items is the responsibility of entities with the ability to conduct operations, such as CBP, ICE, and the USCG.

The management directive, unlike the statute that created CNE, does not make CNE a coordinator of DHS counternarcotics operations. Rather, the directive states that CNE is to function as “the principal coordinating official for all DHS counter drug policy matters.” We view this language as a more reasonable articulation of CNE’s capabilities. CNE’s leadership should seek a legislative change to ensure recognition of its nonoperational status by not positioning the office as a coordinator of counternarcotics operations. The USIC and the Interdiction Committee can work with DHS components on operational coordination, but this role is not a good use of CNE’s resources.

We recommend that the Director, Office of Counternarcotics Enforcement:

Recommendation #6: In the next report to Congress, recommend that CNE coordinate policy only, rather than policy and operations.

CNE’s Resource Analysis Role Has Developed Slowly

CNE is required to ensure the adequacy of DHS counternarcotics resources and to recommend the appropriate financial and personnel resources that will allow DHS to interdict illegal drugs.¹¹ CNE must also provide Congress an annual budget review that identifies how proposed funding levels could affect departmental counternarcotics activities.¹² CNE has not fully met these responsibilities.

Recommending the proper level of counternarcotics resources is complicated because the DHS components with counternarcotics operations – USCG, CBP, and ICE – are multi-mission agencies. These components engage in various types of work that might be unrelated to counternarcotics operations. CBP and USCG aircraft on patrol interdict migrants, contraband, or narcotics, all simultaneously. Thus, it is difficult for budget analysts to quantify DHS resources used specifically to interdict drugs. Establishing a precise dollar amount for the counternarcotics portion of components’ work is therefore complicated.

¹¹ 6 USC § 458(d)(2) and (3).

¹² 6 USC § 458(f)(1).

The Program Analysis and Evaluation (PA&E) staff in the DHS Office of the Chief Financial Officer manages the annual DHS resource allocation process, which projects components' needs to meet program objectives. Departmental components develop their budgets after resource allocation decisions are made. PA&E experts provided information about CNE's contribution to the annual process. CNE's contribution has helped clarify ONDCP policy guidance, strategy implementation, and air/marine resource discussions. PA&E staff noted that CNE's position outside of operational components ensures that the resource allocation process has perspective on general DHS counternarcotics goals. PA&E staff said this type of information obtained at the early stage of the budget process could be very useful.

Nonetheless, PA&E staff said CNE does not have sufficient influence because it has not historically had much interaction directly with ICE, CBP, and USCG budget experts. Therefore, CNE has not been able to interact successfully with legacy counternarcotics agencies on budget matters. Additionally, CNE has only one full-time budget analyst. This staffing constraint has decreased the office's ability to provide expertise to the resource allocation teams that consider how agencies can meet departmental objectives.

DHS counternarcotics components historically submitted budgets to ONDCP and the Office of Management and Budget instead of CNE. Without the ability to review agency budgets, CNE cannot perform its responsibilities. We learned that the USCG submitted its FY2011 budget to CNE directly. This is a positive sign. However, DHS should establish a standard operating procedure for the DHS counternarcotics budget process that will clearly set forth CNE's counternarcotics budget authorities. Moreover, the new procedure must place requirements on DHS counternarcotics agencies to submit timely budget information to CNE.

CNE staff also noted that even with a budget review authority, the office cannot change specific line items submitted by the USCG, CBP, or ICE. However, CNE can be given greater authority to analyze DHS counternarcotics spending in a strategic manner. A PA&E official said that such a role would help the department understand where the marginal dollar is best spent. Through such analysis, CNE could find potential efficiencies in the DHS interdiction effort, such as the sharing of air assets between the USCG and CBP. This type of analysis would be of interest to Congress, because one of CNE's statutory requirements is to recommend changes to improve the performance of DHS counternarcotics

responsibilities.¹³ We acknowledge that CNE would need more staff to conduct this analysis.

CNE's annual reports to Congress have not strategically analyzed budget and resource issues. Congress, in FY2009 appropriations language, concluded that CNE's reports are often late and not substantive. Advice from CNE on how DHS can improve resource allocation is in line with the statute and the Director's role as the Secretary's primary counternarcotics advisor. Developing greater analytical capability on budget and resource issues, with timely advice to Congress, should become a CNE priority.

Currently CNE has only one analyst devoted to DHS budget work. Additional staffing is necessary for CNE to attend more PA&E resource allocation team meetings and to conduct more strategic analysis of DHS counternarcotics resources. ONDCP officials said that CNE cannot meet statutory mandates related to DHS counternarcotics budget issues with its current staffing level.

We recommend that the Director, Office of Counternarcotics Enforcement, with participation from the Office of Chief Financial Officer and the Office of the Secretary:

Recommendation #7: Develop a standard operating procedure for the DHS budget process that provides CNE an opportunity to review and make recommendations on component budget requests before adoption by the Office of the Chief Financial Officer.

Recommendation #8: Conduct ongoing strategic analysis of DHS counternarcotics spending and resources across components.

An Operational Component Can More Effectively Discharge CNE's "Track and Sever" Responsibility

One of the primary missions DHS assumed upon its inception was to:

... monitor connections between illegal drug trafficking and terrorism, coordinate efforts to sever such connections, and otherwise contribute to efforts to interdict illegal drug trafficking.

Congress used similar language in giving CNE the responsibility to track and sever drug-terror connections within the Joint Terrorism Task Force (JTTF) construct.¹⁴ The Federal Bureau of Investigation (FBI) established

¹³ 6 USC § 458 (f)(2)(D).

¹⁴ 6 USC § 111(b)(1)(H) and 6 USC § 458(d)(4).

JTTFs as a primary interagency resource to fight terrorism. JTTFs strive to coordinate anti-terrorism activities across all levels of government. The FBI established a National JTTF at its headquarters.

Only an operational component can sever drug-terror connections. However, Congress expressly kept CNE from having control over CBP, ICE, USCG, or JTTF operations. Such control is not necessary for CNE to accomplish some goals, such as policy coordination or budget reviews, but counternarcotics agencies have a range of field experience and authority that CNE cannot duplicate.

Various interviewees said that even a component with interdiction authorities could find a track and sever mission difficult. A definitive link between narcotics traffickers and terrorists might be unknown to an interdicting agency, meaning that a nexus would be established in some cases only after further agency analysis or a subsequent FBI investigation. Thus, components generally cannot make operational interdiction and budgetary decisions based on the motivation behind illicit activities.

Tracking drug-terror connections is possible to some degree at CNE, but only law enforcement components can take action to sever links between narcotics and terrorism. In April 2009 Congressional testimony, CNE's former Acting Director said that the office promotes information sharing to help accomplish the track and sever mission. To this end, CNE contributes reports and analysis to Intellipedia, an information sharing Internet tool used by the intelligence community. Documentation we received during our fieldwork revealed that some experts were satisfied with CNE's Intellipedia work.

Nonetheless, one CNE staff member was "mystified" that CNE was given the operational function of severing the drug-terror connection. Another CNE staff member with experience at the National JTTF said that CNE cannot sever the narco-terror nexus. Additional interviewees noted that other organizations analyze and report on the drug-terror problem, which means that CNE could be duplicating other entities' efforts.

Many federal entities are involved in counternarcotics intelligence and operational analysis. DEA's International Narcoterrorism Operations Center, for example, serves as the central point of contact to track terrorism-related leads and share data with other agencies. Additionally,

- DEA's El Paso Intelligence Center (EPIC) brings together representatives from national and state agencies to coordinate counternarcotics operations, including possible links between drug traffickers and terrorism.

-
- The Department of the Treasury’s Office of Terrorism and Financial Intelligence targets terrorists and drug traffickers using intelligence and statutory authorities.¹⁵
 - The Crime and Narcotics Center at the Central Intelligence Agency works to track, analyze, and report on the drug trade’s effect on U.S. national security interests.
 - The Joint Interagency Task Force – South monitors illicit activities, with a primary goal to eliminate the flow of drugs into the country. Congress recently praised this entity for its coordination of counternarcotics operations across the government.¹⁶
 - The United States Southern Command collaborates with friendly nations to interdict illegal narcotics and conduct operations against narcoterrorist organizations.

Perhaps most significant of all, the National Drug Intelligence Center (NDIC), coordinates all law enforcement information related to the structure and activities of drug traffickers. NDIC, part of the Department of Justice, releases an annual *National Drug Threat Assessment*, a comprehensive review of narcotics trafficking and related issues. NDIC staff has worked on narcotics intelligence issues for many years. In 1993, NDIC compiled information regarding the structure, membership, finances, communications, and activities of drug trafficking organizations. Before the terrorist attacks on September 11, 2001, ONDCP designated NDIC as the principal center for domestic strategic counterdrug analysis. The NDIC continues to focus on production of strategic domestic drug intelligence assessments. As part of its mandate, NDIC creates a range of documents, such as Drug Market Analyses for each of the 32 High Intensity Drug Trafficking Areas in the United States. These documents discuss drug-related issues and developments that focus on significant trends and law enforcement concerns.

CNE’s drug-terror nexus reports have included useful information, but since so many other entities have intelligence gathering and information sharing capabilities, we question the need for CNE to have a statutory role in this effort. In 2008, CNE reported to Congress that the office was merely a conduit for information. A DEA manager told us that he has never seen any CNE intelligence products. CNE’s lack of a role in creating such reports diminishes its value to other components that are charged with counternarcotics operations. Additionally, an ONDCP interdiction expert informed us that his work with CNE has been strained

¹⁵ GAO, *Combating Illicit Financing: Treasury’s Office of Terrorism and Financial Intelligence Could Manage More Effectively to Achieve Its Mission*, GAO-09-794, September 2009.

¹⁶ House of Representatives, *National Defense Authorization Act for Fiscal Year 2010*, House Report 111-166, page 377.

and largely unproductive. This individual also said that it is impossible for CNE to perform the track and sever role. CNE has not been present at ONDCP's weekly drug interdiction intelligence briefings and is not represented at DEA's EPIC or SOD, although CNE is working to correct this. The range of existing operational experience and authority across various agencies moots CNE's track and sever effort. That CNE has no operational role and cannot coordinate DHS operations may explain why ONDCP no longer designates the CNE Director to serve as USIC.

A CNE manager provided us with plans for improving the effectiveness of CNE's Drug-Terror Nexus Division. However, DHS operational components, as well as experts at DEA and other agencies, can facilitate information sharing based on extensive field experience and intelligence expertise. These organizations, not CNE, can most effectively track and sever narcoterror connections.

The reality of CNE's nonoperational status has led other agencies to act. The 2009 Interagency Cooperation Agreement between ICE and DEA notes that ICE attachés will work with DEA on overseas operations, deconflicting drug enforcement issues, and tracking and severing connections between illegal drug trafficking and terrorism. Interviewees said that CNE staff facilitated this action, which placed a CNE statutory responsibility into an operational component, where such authority can be implemented more effectively.

A statutory change should reassign the track and sever function to another federal component with operational and law enforcement authority. CBP, ICE, or the USCG, in coordination with DEA, could more effectively implement this responsibility at DHS. As two counternarcotics experts wrote in 2008, "Since drug traffickers and terrorist groups are located in many of the same ungoverned locations, and use the same facilitation networks, the DEA is well positioned to address both threats, particularly as they overlap."¹⁷

We recommend that the Director, Office of Counternarcotics Enforcement:

Recommendation #9: Pursuant to authority at 6 USC § 458(f)(2)(D), recommend to Congress that CNE be relieved of its track and sever responsibility.

¹⁷ *The Money Trail: Finding, Following, and Freezing Terrorist Finances*, November 2008, page 17. www.washingtoninstitute.org/pubPDFs/PolicyFocus89.pdf

CNE Should Remain in the Office of the Secretary

The conference report for the FY 2010 DHS appropriations bill raised the issue of CNE's placement within DHS. The report suggested it might be appropriate to shift the functions of CNE into the Office of Policy. We believe any reorganization is less important than the office's needed revitalization. Because of the congressional interest in the question, however, we still wish to address where CNE should be located within the department. CNE should remain outside of the DHS operational components. Moving CNE into ICE, CBP, or the USCG could raise concerns about the office's independence. CNE must work with agencies that have significant counternarcotics responsibilities and view each as an important partner. A perception of bias in CNE's efforts could hamper the office's ability to work with all DHS counternarcotics agencies.

Interviewees provided their opinions concerning whether CNE should become part of the Office of International Affairs (OIA) or be under the control of the Office of Policy. Our interviewees were generally opposed to either move, or did not see value in a change.

We concur with these views. Although international issues are a vital part of counternarcotics operations, CNE must work with various domestic stakeholders. Even if such linkages did not suffer after placement in OIA, the change would require modifications to OIA's statutory authorities, which we do not view as preferable to CNE's current location.

Interviewees were also opposed to making CNE a subcomponent of the Office of Policy. Some suggested that such a change could enhance CNE's authority within the department. However, we do not understand how distancing the Director of CNE from the Secretary will lead to the office's empowerment. Another factor that argues against placing CNE in the Office of Policy is the CNE Director's statutory role of being the Secretary's principal counternarcotics advisor, which implies that the CNE Director should report directly to the Secretary. CNE's current location in DHS is appropriate.

Management Comments and OIG Analysis

CNE concurred with six of our nine recommendations. We evaluated CNE's written comments and made changes to the report where we deemed appropriate. A summary of the CNE response to our recommendations and our analysis is included below. A copy of the entire CNE response is included as Appendix B.

Additional information that discusses actions taken on the recommendations should be included in the CNE corrective action plan due within 90 days of the issuance of this report.

Recommendation #1: Formally designate, in accordance with the Intelligence Reform and Terrorism Prevention Act, a senior position in the USCG, CBP, and ICE as Counternarcotics Liaison Officer

Management Comments to Recommendation #1

CNE concurred with this recommendation. The office believes that the individuals designated by the Secretary as liaisons would form the membership of the Counternarcotics Coordinating Council with the Director of CNE. Senior leaders currently part of the Council are:

- CBP's Deputy Commissioner
- ICE's Deputy Assistant Secretary for Operations
- USCG's Assistant Commandant for Operations
- I & A's Principal Deputy Assistant Secretary
- The Deputy Director, Office of Operations Coordination, and
- The Deputy Assistant Secretary, Office of Policy

OIG Analysis

Although we directed this recommendation to the Secretary, we viewed CNE's response as reflective of the department's view on the assignment of liaisons to CNE. This recommendation is *resolved and open* pending further developments in the selection of DHS liaisons to CNE. We concur with CNE that liaisons must become a central component of the office's operations. The current membership of the Counternarcotics Coordinating Council aligns perfectly with the statutory requirement. It may not be difficult to add to the Council charter, if necessary, language that ties the Council to the purposes of the statute. We suggest that CNE work closely with the Office of the Secretary to ensure that liaisons are selected that will best serve the department's counternarcotics mission.

Recommendation #2: Create position descriptions and supporting documents that specifically describe the duties and responsibilities of detailees assigned to CNE.

Management Comments to Recommendation #2

CNE concurred with this recommendation. A template Memorandum of Agreement, which includes position descriptions for detailees, has been drafted. The first agreement is for an ICE detailee in CNE and should be

finalized in March 2010. CNE views the detailees as important to the development of the fulfillment of the office's statutory responsibilities.

OIG Analysis

This recommendation is *resolved and open* pending additional information on detailee position descriptions. CNE has taken credible action in this area. Detailees will serve to facilitate day-to-day contact between operational components and CNE. Equally important, they will bring subject matter expertise gained at the component that is loaning them on detail to CNE.

There is a significant difference between the responsibilities of senior officers in other components who serve as designated liaisons and the responsibilities of mid-level employees loaned by components to work as detailees inside CNE. Senior liaisons, designated by the Secretary and serving on the Counternarcotics Coordinating Council, work for the directors of their components and closely with the CNE Director to steer the DHS counternarcotics enterprise. Detailees perform CNE duties as assigned under the supervision of CNE managers. One key role for the detailees is to execute the interaction with components necessary for CNE to fulfill the policy and budgetary responsibilities envisioned in the statute.

Recommendation #3: Develop a counternarcotics policy coordination directive that would describe the procedures CNE would follow to fulfill its statutory mandate to coordinate component counternarcotics policies.

Management Comments to Recommendation #3

CNE concurred with this recommendation. A series of steps has been taken to improve departmental counternarcotics policy coordination. CNE has developed an internal document that is guiding staff on issues related to DHS policy. Additionally, the revitalized Counternarcotics Coordination Council is designed to ensure CNE understands the priorities of operational components. CNE reiterated its view that the use of detailees will be an important means to effect necessary change in this area.

OIG Analysis

This recommendation is *resolved and open*. CNE's policy coordination actions should help the office meet its policy coordination responsibilities. However, CNE said that it would only consider the development of a policy coordination directive. We believe that the directive is necessary to guide CNE's fulfillment of its statutory responsibility to coordinate policy. Specific procedures and instructions for staff will augment CNE's

effectiveness as it works across government entities to meet the mandate of policy coordination. Current office practices should be formalized with a CNE directive. The office should not wait for detailee positions to be filled before an internal policy coordination document is developed.

Recommendation #4: Establish a presence at the DEA Special Operations Division to facilitate the statutory requirements to be a representative of the department and facilitate policy coordination.

Management Comments to Recommendation #4

CNE did not concur with this recommendation. The office believes that working with ICE and CBP representatives in the Special Operations Division is a better approach than maintaining a CNE staff presence there. The SOD neither coordinates policy nor engages in policy creation. Rather, the SOD coordinates governmental analytical and investigations resources related to counternarcotics. CNE does not believe that the intelligence information sharing or case analysis functions performed at the SOD are directly relevant to meeting the office's statutory mandates.

OIG Analysis

CNE has a credible alternative to our recommendation. Through further work with departmental components at the SOD, CNE should be able to augment its policy coordination and representation roles without a direct staff presence. This recommendation is *resolved and open* pending further information about how CNE will meet the intention of the recommendation. .

Recommendation #5: Create a standard operating procedure that establishes policies for CNE's interaction with state, tribal, and local law enforcement agencies.

Management Comments to Recommendation #5

CNE concurs with this recommendation, and has created a plan to enhance outreach to state, local, and tribal partners. This document will be provided to the department's Office of State and Local Law Enforcement. CNE views the outreach plan as a way to improve contacts with a variety of officials throughout the country. Through this improved flow of information, CNE will be able to suggest ways for the department to meet counternarcotics interdiction responsibilities.

OIG Analysis

This recommendation is *resolved and open* pending further information about implementation of the final outreach plan. CNE has made important strides in its interaction with state, local, and tribal governments. As CNE interacts more with these levels of government, it will be better positioned to coordinate policy and serve as a departmental representative.

Recommendation #6: In the next report to Congress, recommend that CNE coordinate policy only, rather than policy and operations.

Management Comments to Recommendation #6

CNE did not concur with this recommendation. After quoting the statutory provision that prohibits its control over DHS operations, CNE suggested that our various interviewees might have been concerned that the statutory authority to coordinate counternarcotics operations would lead CNE to control departmental operations. CNE noted that it successfully coordinated the DHS position on two major counternarcotics operations coordination operations in Mexico and the Caribbean.

OIG Analysis

This recommendation is *unresolved and open*. Through ongoing improvements, CNE can successfully coordinate DHS counternarcotics policy, but the office is not positioned to fulfill a role in the coordination of operations. CNE receives some information on departmental operations to coordinate policy and be a DHS representative, but coordination of operations is outside the realm of an entity that has, by law, no authority over DHS counternarcotics operations. Without authority to affect the timing or scope of DHS counternarcotics operations, CNE cannot coordinate them. We do not believe that CNE offers value as an operational coordinator, although it can have a positive influence on counternarcotics operational improvements. CNE's partners in the field, including CBP, ICE, and the Coast Guard, can most effectively coordinate DHS operations.

Recommendation #7: Develop a standard operating procedure for the DHS budget process that provides CNE an opportunity to review and make recommendations on component budget requests before adoption by the Office of the Chief Financial Officer.

Management Comments to Recommendation #7

CNE concurs with the recommendation. The office has worked with the Office of Chief Financial Officer to ensure that CNE receives

components' budget requests. CNE also plans to increase its involvement in the resource allocation process for future years. CNE will work with component budget offices, as well, as a means to create a better understanding of strategic priorities across the department's counternarcotics agencies. This will include work to make recommendations to improve DHS mission performance.

OIG Analysis

This recommendation is *resolved and open*. We request that CNE use the corrective action process to provide further updates on its budget coordination and review responsibilities. Formalized policy is central to this effort. CNE should also provide an update on how it has worked with DHS resource allocation and budget staff to guarantee that budgets are sent to CNE in a timely fashion. The policy would serve as the overall vision of the important part that CNE must play in determining how DHS budgetary practices will augment the department's ability to interdict illegal drugs.

Recommendation #8: Conduct ongoing strategic analysis of DHS counternarcotics spending and resources across components.

Management Comments to Recommendation #8

CNE concurred with this recommendation by listing a variety of budget coordination activities. These steps include CNE's participation on resource allocation teams and leadership's interaction with the Deputy Secretary's Program Review Boards. Through these efforts, CNE engages in strategic analysis that leads to recommendations about the proper level of resources for DHS programs. CNE intends to provide representation on all budget review teams. Additionally, program execution can be reviewed through an examination of components' annual reports. These actions will lead to a better understanding of the department's strategic vision for counternarcotics. CNE will recommend overall enhancements, as appropriate.

OIG Analysis

This recommendation is *resolved and open*. CNE's response shows a commendable level of commitment to the implementation of its budgetary responsibilities. Our recommendation envisioned additional work in this area, however. Congress has expressed an interest in receiving budget reports with greater analytical rigor regarding DHS counternarcotics spending. CNE should ensure that its work includes formal strategic analysis of how DHS can better spend counternarcotics resources, which we view as separate from the completed and planned contributions to the

resource allocation process. This information is of interest to Congress and is within CNE's statutory responsibilities. Additional work on department teams is a necessary component of this recommendation, but CNE must also conduct independent analysis that will inform Congress of possible efficiencies in DHS counternarcotics spending. CNE must also consider the additional staff and resources it may need to fulfill both the plans it has articulated and the more detailed analysis that is the intention of this recommendation.

Recommendation #9: Pursuant to authority at 6 USC § 458 (f)(2)(d), recommend to Congress that CNE be relieved of its track and sever responsibility.

Management Comments to Recommendation #9

CNE did not concur with this recommendation. The office suggested that Congress created the track and sever authority to position CNE as the coordinator of the DHS counternarcotics enterprise, although CNE was not given intelligence or law enforcement functions nor authority over the counternarcotics operations of the components that do. CNE suggests that it discharges this responsibility by leveraging the department's counternarcotics resources to enhance the tracking and severing of drug-terror links. Through strategic analysis that assists components and reports to the Secretary, CNE adds value to the track and sever effort.

OIG Analysis

This recommendation is *unresolved and open*. CNE's past work in this area does not seem to meet the responsibility created in the statute. No operational component told us that CNE provides useful strategic analysis. On the contrary, CNE is normally a consumer of analysis performed by others. When CNE provides DHS components, the Secretary, or Congress reports about drug-terror links, the office is not working within the Joint Terrorism Task Force construct to track and sever connections between illegal drug trafficking and terrorism. Even without this responsibility, CNE may conduct research and share information on the linkages between drug organizations and terrorist groups as part of its advisory, policy coordination, and budgetary responsibilities. However, we concluded that CNE is not positioned to lead the track and sever effort. Various parts of the federal government are a better location for this responsibility. CNE serves as a conduit for track and sever information developed largely by others, but it is not equipped to be the primary office to sever drug-terror connections. The fact that CNE staff facilitated changes to an interdepartmental (ICE-DEA) agreement that gave a track and sever function to ICE attachés is illustrative of those parts of the department that are better equipped to fulfill the track and sever responsibility.

Organizations that conduct counternarcotics intelligence work and operations, arrest drug traffickers, and seize illicit narcotics are the best entities to lead the government's effort to prevent a union between narcotics and terrorist activities.

Appendix A

Purpose, Scope, and Methodology

We initiated this review based on our interest in determining the effectiveness of CNE. We explored the office, its roles and responsibilities, and its ability to fulfill statutory mandates. We focused on CNE progress since its establishment in the Intelligence Reform and Terrorism Prevention Act of 2004.

Our fieldwork consisted of 34 interviews, including each CNE staff member, and experts at ICE, CBP, USCG, DEA, ONDCP, the Office of Intelligence & Analysis, the Office of the Chief Financial Officer, and the Office of Policy, and the former Director of CNE. We also observed various meetings that included CNE personnel, including weekly staff meetings that the new Acting Director led to develop the office's FY2010 goals.

This review initially began in January 2009. Shortly thereafter, it was suspended because the review team needed to augment another team that was completing Congressionally mandated work. In June, the review resumed and fieldwork was completed in November 2009 under the authority of the *Inspector General Act of 1978*, as amended, and according to the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

Appendix B Management Comments to the Draft Report

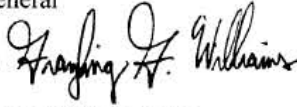
U.S. Department of Homeland Security
Washington, DC 20528



Homeland Security

March 3, 2010

MEMORANDUM FOR: Carlton I. Mann
Assistant Inspector General for Inspections
Office of Inspector General

FROM: Grayling G. Williams 
Director
Office of Counternarcotics Enforcement

SUBJECT: *Draft Report: The Responsibilities of the Office of Counternarcotics Enforcement – FOR OFFICIAL USE ONLY (FOUO)*

The Office of Counternarcotics Enforcement (CNE) appreciates the opportunity to review and comment on the Office of Inspector General's (OIG) report referenced above. We thank you for taking the time to meet with our staff and for the thoroughness with which you approached your task. We see this report as an opportunity to make positive, lasting improvements to CNE.

We appreciate the affirmative reference to the Counternarcotics Doctrine (CN Doctrine) and agree that it is a fundamentally important document that should have been produced shortly after the creation of the office. We are pleased to report that we expect to disseminate the CN Doctrine within a few weeks. In addition, we thank you for your constructive comments regarding our Intellipedia framework in support of our drug-terror nexus mandate.

CNE also appreciates the OIG's strong endorsement for the Office to remain an independent entity. We concur wholeheartedly with this assessment, and believe the coordination of counternarcotics matters must reside within CNE. The legislation which created the Office specifically contemplated the need for an independent voice and advocate for the Department's counternarcotics policies and resources.

The following are CNE's specific responses to each recommendation in the report:

OIG Recommendation 1: "Formally designate, in accordance with the Intelligence Reform and Terrorism Prevention Act, a senior position in the USCG, CBP, and ICE as Counternarcotics Liaison Officer."

- CNE Response: CNE agrees with this recommendation and believes it is necessary for the designation of liaisons to come from the Secretary as the Chief Executive Officer of the Department. These senior liaisons would then form the membership of the Counternarcotics

Appendix B Management Comments to the Draft Report

Coordinating Council (CCC) with the CNE Director. The CCC Charter currently identifies the component membership to include the following representatives:

- Deputy Commissioner, U.S. Customs and Border Protection
- Deputy Assistant Secretary for Operations, U.S. Immigration and Customs Enforcement
- Principal Deputy Assistant Secretary, Intelligence and Analysis
- Deputy Director, Office of Operations Coordination
- Deputy Assistant Secretary, Office of Policy
- Assistant Commandant for Operations, United States Coast Guard

OIG Recommendation 2: “Create position descriptions and supporting documents that specifically describe the duties and responsibilities of detailees assigned to CNE.”

- CNE Response: CNE concurs with the recommendation and has developed a template for a Memorandum of Agreement (MOA) between CNE and DHS Components for the assignment of detailees to CNE. This template includes draft position descriptions to be included in the MOA. The first MOA, for an ICE detailee, is currently under final review and CNE expects to finalize the agreement in March 2010. CNE appreciates the recognition the OIG gives to the importance of detailees in accomplishing CNE’s mission. The assignment of detailees from Department components with counternarcotics responsibilities is critical to the office’s ability to effectively develop and coordinate counternarcotics policy and operations.

OIG Recommendation 3: “Develop a counternarcotics policy coordination directive that would describe the procedures CNE would follow to fulfill its statutory mandate to coordinate component counternarcotics policies.”

- CNE Response: CNE agrees with this recommendation and has developed a “crosswalk” for internal use by staff to facilitate the office’s ability to coordinate DHS component counternarcotics policies. In furtherance of this objective, CNE has reinvigorated the Counternarcotics Coordinating Council (CCC) – a senior-level advisory body comprised of representatives of the DHS counternarcotics components – the purpose of which is to align component CN priorities with CNE’s efforts. In addition, CNE is now filling detailee positions with subject matter experts from the Department’s CN components. Based on this recommendation, CNE will give active consideration to creating a policy coordination directive.

OIG Recommendation 4: “Establish a presence at the DEA Special Operations Division (SOD) to facilitate the statutory requirements to be a representative of the department and facilitate policy coordination.”

- CNE Response: CNE disagrees with this recommendation and believes the best approach to working with SOD is to leverage existing ICE and CBP personnel already assigned there. The SOD is not a policy coordinating entity, nor does it engage in counternarcotics policy formulation. The function of SOD is to utilize criminal investigators and intelligence analysts from various federal law enforcement agencies to identify links between drug trafficking targets, and then coordinate investigative interagency operations under the

Appendix B

Management Comments to the Draft Report

auspices of the Organized Crime Drug Enforcement Task Force program. In order to be assigned to SOD, you must be capable of supporting investigations either through investigative case analysis or intelligence information sharing.

OIG Recommendation 5: “Create a standard operating procedure that establishes policies for CNE’s interaction with state, tribal, and local law enforcement agencies.”

- CNE Response: CNE concurs with this recommendation and has already drafted a State, Local, and Tribal Outreach Plan. CNE will provide this plan to the DHS Office of State and Local Law Enforcement (SLLE) by March 15, 2010. This plan outlines an organized approach through which CNE can appropriately reach out to State, local, and tribal drug law enforcement authorities. By communicating with these stakeholders, CNE staff will facilitate the flow of information between entities most closely involved in countering the drug threat and more easily determine if and how DHS can assist those entities in fulfilling their counternarcotics missions.

OIG Recommendation 6: “In the next report to Congress, recommend that CNE coordinate policy only, rather than policy and operations.”

- CNE Response: CNE disagrees with this recommendation and notes that per existing legislation CNE is tasked to coordinate, not direct, operations, thus leaving operational control to the components. Specifically, the legislation’s Savings Clause states: “Nothing in this section shall be construed to authorize direct control of the operations conducted by the Directorate of Border and Transportation Security, the Coast Guard, or joint terrorism task forces.”¹ CNE believes it might be the case that component interviewees, as referenced in the report, may have been concerned about CNE controlling operations, rather than coordinating operational matters. CNE has successfully coordinated the Department’s position on operational counternarcotics matters including air and marine support to Operation Bahamas, Turks, and Caicos (OPBAT) and air support to Mexico (through Operation HALCON).

OIG Recommendation 7: “Develop a standard operating procedure for the DHS budget process that provides CNE an opportunity to review component requests before adoption by the Office of the Chief Financial Officer.”

- CNE Response: CNE agrees with this recommendation and has already re-engaged with DHS-CFO to ensure we receive all component budget requests. Component requests are always routed to CNE via the Executive Secretariat process. In the past, CNE has not engaged in the Resource Allocation Program review – at the level of Principal review – however CNE’s Director will engage in this process at this year’s FY 12-16 Future Years Homeland Security Program (FYHSP) Resource Allocation Plan Program Review Board. CNE will continue to engage with component budget offices to determine strategic resourcing priorities, formulate budget requests, and making recommendations where appropriate for improving the Department’s counternarcotics mission performance and effectiveness.

¹ 6 USC § 458 (f).

Appendix B Management Comments to the Draft Report

OIG Recommendation 8: “Conduct ongoing strategic analysis of DHS counternarcotics spending and resources across components.”

- CNE Response: CNE agrees with this recommendation and intends to continue its engagement in the Resource Allocation Plan production process, which inherently necessitates that CNE provide strategic analyses that support the Department’s FYHSP report, and Homeland Security President’s Budget production. CNE’s role has been to provide strategic analyses via the Deputy Secretary’s Resource Allocation Issue Teams. In FY 09, CNE provided analyses to four issue teams, most significantly the Border Control Issue Team. In FY 10, CNE will again provide analyses and the CNE Director will participate in the Deputy Secretary’s Program Review Boards (PRB’s) – where costs are compared to the FYHSP guidance and recommend resources tradeoff recommendations are conveyed to the Deputy Secretary and ultimately to the Secretary. The CNE Director will participate in the initial meeting of the FY 12-16 FYHSP Resource Allocation Plan PRB on March 29, 2010 where DHS drug control agencies will present their proposed RAPs to the Deputy Secretary, who will subsequently identify FY 12-16 Issue Team projects. CNE will provide representatives to all CN-related Issue Teams and will monitor DHS Component resource execution through a regular review of the Components’ annual reports. CNE will make recommendations, where appropriate, to improve the Department’s counternarcotics mission performance and effectiveness.

OIG Recommendation 9: “Pursuant to authority at 6 USC § 458 (f)(2)(d), recommend to Congress that CNE be relieved of its track and sever responsibility.”

CNE Response: CNE disagrees with this recommendation. Congress’ intent in levying this requirement was to put CNE in the position of coordinating the DHS counternarcotics enterprise, rather than mandating that CNE personnel conduct intelligence, investigations, and apprehensions. The current Congressional mandate facilitates CNE’s ability to leverage the Department’s intelligence and operational resources towards tracking and severing drug-terror links. This includes providing strategic analysis to assist our components in identifying the connections between drugs and terrorism, and reporting to the Secretary on strategic drug-terror issues.

Thank you again for the opportunity to comment on this report.

Department of Homeland Security
Management Directive 6400
Issue Date: 10/05/2005

OFFICE OF COUNTERNARCOTICS ENFORCEMENT
MISSION AND FUNCTIONS

I. Purpose

The purpose of this Management Directive (MD) is to define the mission and functions of the Department of Homeland Security's (DHS) Office of Counternarcotics Enforcement and to designate the Director, Office of Counternarcotics Enforcement, a direct report to the Office of the Secretary, as the principal coordinating official for all DHS counter drug policy matters.

II. Scope

This MD applies to all DHS Organizational Components.

III. Authorities

The following law governs this MD:
Section 878 of the Homeland Security Act of 2002 (6 U.S.C. 458) as amended by the Intelligence Reform and Terrorism Prevention Act of 2004 (P.L. 108-458).

IV. Definitions

None.

V. Responsibilities

Director, Counternarcotics Enforcement (DCNE) will:

A. Assume primary responsibility for developing and coordinating counter drug policy within the Department and coordinating counter drug policy between DHS and other Federal departments and agencies, and between DHS and State, local, and tribal agencies.

Appendix C
Management Directive Number 6400

B. Serve as the principal advisor to the Secretary for ensuring the adequacy of counter drug resources within DHS.

VI. Policy & Procedures

A. *Policy:*

1. The DCNE reviews and evaluates the counter drug activities of the Department and its components, including efforts in cooperating with other branches of the Federal Government, State and local, or tribal agencies.
2. The DCNE reviews the budget requests of all DHS components with existing or proposed counter drug activities or activities that affect the ability of the Department or its components to meet counter drug policy objectives.
3. The DCNE recommends to the Secretary the appropriate financial and personnel resources necessary to implement the Department's counter drug policy and to achieve performance targets within the Department's counter drug policy.
4. The DCNE integrates DHS efforts to track and sever connections between illegal drug trafficking and terrorism in cooperation and consultation with other Federal, State, local and tribal agencies.
5. The DCNE serves as a DHS representative on all task forces, committees, or other entities whose purpose is to coordinate the counter drug policy and activities of DHS and other Federal, State, local, and tribal agencies and international partners.
6. The DCNE ensures that all DHS components are provided an opportunity to participate, as appropriate, in all counter drug task forces, committees or other entities.
7. The DCNE reviews and provides comments on all reports that involve or have an impact on the counter drug policies or activities of the Department and Departmental components, including reports to Congress and other entities, including the Office of National Drug Control Policy.

NOTE: Any reports generated by the Office of Counternarcotics Enforcement will follow legislative procedures as outlined in MD 420 and other Department guidance as appropriate.

Appendix C
Management Directive Number 6400

8. The DCNE advises the Secretary on all policy and resource issues regarding the National Drug Control Strategy.

NOTE: Nothing in this section shall be construed to authorize direct control of the operations conducted by any DHS component.

B. Procedures:

1. *Staffing:* The Office of Counternarcotics Enforcement shall be staffed as follows:

a. The DHS Office of Counternarcotics Enforcement will be staffed by permanent Federal employees.

b. Upon the request of the Director of the Office of Counternarcotics Enforcement, a component of the Department shall designate a senior employee with significant counter drug responsibilities to act as a liaison between the Departmental component and the Office of Counternarcotics Enforcement.

c. The Office will seek to obtain liaisons from the non-DHS Departments and agencies with significant counter drug interdiction and enforcement responsibilities to include the Drug Enforcement Administration, Department of Defense, Federal Bureau of Investigation, Department of State, the Intelligence community and others as appropriate.

2. *Data:* Departmental components shall provide all data and information identified by the Director, Office of Counternarcotics Enforcement, as necessary to carry out the policy and resource responsibilities of the Office as identified in Section V of this Management Directive.

NOTE: Nothing in this section shall be construed to supersede legal restrictions on the distribution or use of any data or other information.

VII. Questions

Address any questions or concerns regarding this MD to the Chief of Staff, Office of Counternarcotics Enforcement.

Appendix D
Majors Contributors to this Report

Douglas Ellice, Chief Inspector, Office of Inspections
Lorraine Eide, Senior Inspector, Office of Inspections
Darin Wipperman, Senior Inspector, Office of Inspections
LaDana Crowell, Inspector, Office of Inspections
Michael Brooks, Inspector, Office of Inspections
Susan Fischer, Inspector, Office of Inspections
Megan Reedy, Inspector, Office of Inspections
Ericka Kristine Odiña, Inspector, Office of Inspections

Appendix E
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