



Department of Homeland Security Office of Inspector General

Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2008 Drug Control Obligations





Homeland
Security


January 30, 2009

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 Table of Prior Year Drug Control Obligations and related disclosures of the U.S. Immigration and Customs Enforcement for the fiscal year ended September 30, 2008, for the Office of National Drug Control Policy. We contracted with the independent public accounting firm KPMG LLP to perform the review. U.S. Immigration and Customs Enforcement's management prepared the Table of Prior Year Drug Control Obligations and related disclosures to comply with the requirements of the Office of National Drug Control Policy Circular, *Drug Control Accounting*, dated May 1, 2007. KPMG LLP is responsible for the attached independent accountants' report dated January 23, 2009, and the conclusions expressed in the report. We do not express an opinion on the Table of Prior Year Drug Control Obligations and related disclosures.

It is our hope that the information in this report will continue to result in 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



KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Homeland Security

We have reviewed the accompanying Table of Prior Year Drug Control Obligations and related disclosures of the U.S. Department of Homeland Security's (DHS) Immigration and Customs Enforcement (ICE) for the year ended September 30, 2008. We have also reviewed the accompanying management's assertions for the year ended September 30, 2008. ICE's management is responsible for the Table of Prior Year Drug Control Obligations and related disclosures 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 Table of Prior Year Drug Control Obligations and related disclosures and management's assertions. Accordingly, we do not express such an opinion.

Management of ICE prepared the Table of Prior Year Drug Control Obligations and related disclosures 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.

Based on our review, nothing came to our attention that caused us to believe that (1) the Table of Prior Year Drug Control Obligations and related disclosures for the year ended September 30, 2008 is not presented, in all material respects, in conformity with ONDCP's Circular, *Drug Control Accounting* (May 1, 2007), or that (2) management's assertions referred to above are not fairly stated, in all material respects, based on the criteria set forth in ONDCP's Circular, *Drug Control Accounting* (May 1, 2007).

This report is intended solely for the information and use of the management of DHS and ICE, the 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 23, 2009

**Department of Homeland Security
U.S. Immigration and Customs Enforcement
Detailed Accounting of Drug Control Funds during FY 2008**

A. Table of Prior Year Drug Control Obligations

		(in Millions)
		FY 2008 Final
Drug Resources by Budget Decision Unit and Function:		
Salaries and Expenses		
Intelligence: Domestic Law Enforcement	\$	3.921
Intelligence: International	\$	0.484
International	\$	4.568
Investigations	\$	388.933
Total, Salaries and Expenses	\$	397.906
 Total Funding	 \$	 397.906
HIDTA Transfer	\$	1.540

Disclosure No. 1: Drug Methodology

U.S. Immigration and Customs Enforcement (ICE) is a multi-mission bureau, and obligations are reported pursuant to an approved drug methodology. Separate calculations are made for the three ICE programs which undertake drug-related investigative activity: Office of Investigations, International Affairs and the Office of Intelligence.

Investigations Program

- The methodology for the Office of Investigations is based on investigative case hours recorded in ICE's automated Case Management System. ICE officers record the type of work they perform in this system. Following the close of the fiscal year, a report is run showing investigative case hours that are coded as general narcotics cases and money laundering narcotics cases. A second report is run showing all investigative case hours logged. A percentage is derived by dividing the number of investigative case hours linked to drug control activities by the total number of investigative case hours. Applying the percentage to total of direct resources results in a cost allocated to drug cases. This percentage may fluctuate from year to year. For FY 2008 the percentage was 27.5%. To calculate a dollar amount, this percentage is applied to actual obligations incurred by the Office of Investigations (OI) against budget authority gained in FY 2008, excluding reimbursable authority.

Intelligence Program

- ICE employs the same methodology as Investigations for calculating all drug control activities within the Office of Intelligence's budget. For FY 2008, 9.4% of the total case hours for Intelligence were found to be in support of drug control activities through an examination of data recorded in the Case Management System. This percentage was applied to actual obligations against budget authority gained in FY 2008 incurred by the Office of Intelligence for all activities.
- The Intelligence Requirement Intake System – IRIS tracks request for intelligence work by customer. Requests made by the Office of International Affairs are classified as inherently international and all other customers are classified as inherently domestic. In FY 2008, 11% of IRIS requests were international in nature.

International Affairs Program

- The methodology for the Office of International Affairs (OIA) is also based on investigative hours recorded in ICE's automated Case Management System which are represented as full time equivalent (FTE) agents. For FY 2008, 4.4% was applied to actual obligations against budget authority gained in FY 2008 incurred by the Office of International Affairs for all activities. This percentage represents the relationship of FTE agents with the number of overseas agents.

Disclosure No. 2: Methodology Modifications

As requested by the Office of National Drug Control Policy, the FY 2008 Table of Prior Year Drug Control Obligations sub-divided Intelligence activity between domestic and international work. The new methodology adds an additional step to the FY 2007 methodology and is discussed above. In comparing the FY 2008 methodology against the FY 2007 methodology, there is no quantitative difference in the total amount reported for the Office of Intelligence or ICE.

Disclosure No. 3: Material Weaknesses or Other Findings

In FY 2008, there were no known material weaknesses or other findings by independent sources which might affect the presentation of the Immigration and Customs Enforcement's prior year drug-related obligations data.

Disclosure No. 4: Reprogrammings or Transfers

No Reprogrammings or Transfers of drug-related budget resources occurred during FY 2008.

Disclosure No. 5: Other Disclosures

In previous submissions, the Office of International Affairs' drug-related obligations and program requests were included as part of the Office of Investigations' request. In FY 2007, there was an organizational change that established OIA as a stand-alone office within ICE. All submissions beginning with FY 2007 reflect this change.

There are no other disclosures, which we feel are necessary to clarify any issues regarding the data reported.

B. Assertions

Assertion No. 1: Obligations by Budget Decision Unit

Not Applicable- noted in the ONDCP Circular: *Drug Control Accounting 6 (b) (1)*.

Assertion No. 2: Drug Methodology

The methodology used to calculate obligations of prior year budgetary resources by budget decision unit and function is reasonable and accurate in regard to the workload data employed and the estimation methods used. The workload data is derived from the TECS and IRIS systems discussed in the methodology section above and based on work performed between October 1, 2007 and September 30, 2008. There are no other estimation methods used. The financial system used to calculate the drug-related budget obligations is the Federal Financial Management System (FFMS) which is capable of yielding data that fairly presents, in all material respects, aggregate obligations.

Assertion No. 3 Application of Drug Methodology

The methodology disclosed in section A, Disclosure No. 1 was the actual methodology used to generate the table.

Assertion No. 4: Reprogrammings or Transfers

No Reprogrammings or Transfers of drug-related budget resources occurred during FY 2008.

Assertion No. 5: Fund Control Notices

No Fund Control Notice was issued by the ONDCP Director under 21 U.S.C. section 1703(f) to ICE in FY 2008. The data presented are associated with obligations against a financial plan that was sent to ONDCP in FY 2008.

Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
Deputy Chief of Staff
General Counsel
Executive Secretary
Director, GAO/OIG Liaison Office
Assistant Secretary for Policy
Assistant Secretary for Public Affairs
Assistant Secretary for Legislative Affairs
Under Secretary, Management
Chief Financial Officer
Deputy Chief Financial Officer
Acting Director Office of Financial Management
Chief Information Officer
Chief Security Officer
Chief Privacy Officer

Office of National Drug and Control Policy

Associate Director for Planning and Budget

Immigration and Customs Enforcement

Acting Assistant Secretary
Chief Financial Officer
Chief Information Officer

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Program Examiner

Congress

Congressional Oversight and Appropriations Committees, as appropriate



ADDITIONAL INFORMATION AND COPIES

To obtain additional copies of this report, please call the Office of Inspector General (OIG) at (202) 254-4199, fax your request to (202) 254-4305, or visit the OIG web site at www.dhs.gov/oig.

OIG HOTLINE

To report alleged fraud, waste, abuse or mismanagement, or any other kind of criminal or noncriminal misconduct relative to department programs or operations:

- Call our Hotline at 1-800-323-8603;
- Fax the complaint directly to us at (202) 254-4292;
- Email us at DHSOIGHOTLINE@dhs.gov; or
- Write to us at:
DHS Office of Inspector General/MAIL STOP 2600,
Attention: Office of Investigations - Hotline,
245 Murray Drive, SW, Building 410,
Washington, DC 20528.

The OIG seeks to protect the identity of each writer and caller.