

**DEPARTMENT OF HOMELAND SECURITY**  
**Office of Inspector General**

**Independent Review of The U.S. Customs  
and Border Protection's Management  
Assertions on the 2007 Drug Control  
Performance Summary**





Homeland  
Security

April 18, 2008

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.

The attached letter represents the results of a review of the assertions made by management during the Performance Summary review of the DHS' Customs and Border Protection (CBP) for the year ended September 30, 2007, for the Office of National Drug Control Policy (ONDCP). We contracted with the independent accounting firm KPMG LLP to perform the review. CBP's management prepared the Performance Summary in accordance with the requirements of the ONDCP Circular, *Drug Control Accounting*, dated May 1, 2007; however, CBP's management did not comply with the ONDCP requirements for management's assertions. As a result the contractors were unable to provide a report on management's assertions.

It is our hope that the information in future reports will result in 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 "Richard L. Skinner".

Richard L. Skinner  
Inspector General



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February 18, 2008

Ms. Anne Richards  
Assistant Inspector General for Audits  
Office of the Inspector General  
U.S. Department of Homeland Security  
1120 Vermont Avenue, NW  
Washington, DC 20005

Dear Ms. Richards:

We were engaged to review management's assertions on the Performance Summary Report of the Department of Homeland Security's (DHS) U.S. Customs and Border Protection (CBP) for the year ended September 30, 2007. CBP's management is responsible for the Performance Summary Report and the assertions.

The Office of National Drug Control Policy (ONDCP) Circular: *Drug Control Accounting* (May 1, 2007), requires management to make certain assertions related to the accuracy and completeness of the Performance Summary Report. Management reported that they can not assert that the "methodology to establish performance targets is reasonable and applied", as required by the ONDCP Circular. CBP management provided an explanation supporting their position in a memorandum dated January 14, 2008 that is attached to this letter.

In accordance with applicable professional standards, without positive assertions provided by management we are unable to complete our review of management's assertions on the Performance Summary Report. Accordingly, our review procedures and Independent Accountants' Report is limited to the subject matter of the Performance Summary Report only, and we are unable to provide a report on management's assertions pursuant to the requirements of the ONDCP Circular, *Drug Control Accounting* (May 1, 2007).

Sincerely,

KPMG LLP

Scot G. Janssen  
Partner



U.S. Customs and  
Border Protection

January 14, 2008

MEMORANDUM FOR: RICHARD L. SKINNER  
INSPECTOR GENERAL  
DEPARTMENT OF HOMELAND SECURITY

FROM: Director *William A. Houston*  
Office of Policy and Planning

SUBJECT: Management's Assertions for U.S. Customs and  
Border Protection's Drug Seizure Data

In compliance with the Drug Control Accounting Circular (the Circular) (May 2007), U.S. Customs and Border Protection (CBP) submits its Performance Summary Report to ONDCP. The report contains the results of CBP performance in support of the National Drug Control Strategy.

CBP makes the following assertions:

- (1) Performance reporting system is appropriate and applied – CBP has a system to capture performance information accurately and the system was properly applied to generate the performance data. The source of the data is a combination of Enterprise Data Warehouse (EDW) and Treasury Enforcement Communications systems.
- (2) Explanations for not meeting performance targets are reasonable based on based on the following wording the in guidance, "An Assertion shall be made regarding reasonableness of any explanation...for revising or eliminating performance targets."
- (3) Adequate performance measures exists for all significant drug control activities – CBP has established at least one acceptable performance measure for each Drug Control Decision Unit identified in reports. Each performance measure considers the intended purpose of the National Drug Control Program Activity.

CBP cannot make the following assertion at this time:

- (1) Methodology to establish performance targets is reasonable and applied.

CBP reiterates its longstanding opposition to setting drug seizure performance targets and believes that these targets are misleading. We believe that our drug interdiction partners share this view. The performance measures focus on the amounts of cocaine, marijuana, and heroin seized at and between the ports of entry by or with the participation of CBP Officers, Border Patrol Agents, and CBP Air Interdiction Agents. Performance targets as envisioned by the Circular, however, conflict with the CBP counter drug mission to eliminate the trafficking of drugs. While drug seizures constitute a component of the mission, seizing drugs is not the ultimate goal. In fact, as the strategy is implemented and mission effectiveness increased, the amount of seizures will actually decrease. CBP could then find itself in a situation of making progress toward a goal while its failure to achieve targets leads to the exact opposite conclusion.

Measuring success by agency seizures creates a competitive environment leading to less collaborative partnerships, team work, and sharing of information. Where partnerships do exist, the results can be mutually beneficial. For instance, CBP cocaine seizures increased, in part, because the Drug Enforcement Administration (DEA) shared intelligence from their sensitive sources. In turn, CBP fed DEA the intelligence gained from those seizures that enabled DEA to better target the major drug cartels.

CBP does believe that measuring results, when combined with discussion and assessment, is an important tool in improving operations. But performance targets can offer an incorrect assessment of agency success, particularly if they do not focus on the correct strategic factors. Setting a target gives an importance to achieving a number and implies agency resources should be expended to do so, even if this is not the case. True success is fewer seizures due to weakened drug cartels.

If you have any questions, please have a member of your staff call Ms. Terra Richardson at 202-344-2843.

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