

# DEPARTMENT OF HOMELAND SECURITY

## Office of Inspector General

Independent Review of The U.S. Customs  
and Border Protection's Reporting of  
Fiscal Year 2006 Drug Control Funds



**OIG-07-69**

**August 2007**

Office of Inspector General

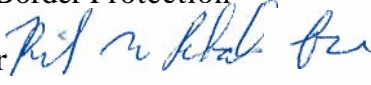
U.S. Department of Homeland Security  
Washington, DC 20528



**Homeland  
Security**

AUG 22 2007

MEMORANDUM FOR. W. Ralph Basham  
Commissioner  
U.S. Customs and Border Protection

FROM. Richard L. Skinner   
Inspector General

SUBJECT: *Independent Review of the U.S. Customs and Border Protection's  
Reporting of FY 2006 Drug Control Funds*

We have reviewed management's assertions in Section B of the accompanying U.S. Customs and Border Protection's (CBP) annual report of FY 2006 drug control funds (Submission). The Submission, including the assertions made, is required by 21 U.S.C. § 1704(d) and Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting* (Circular), and is the responsibility of CBP's management.

Our review was conducted according to attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the assertions in Section B of the Submission. Accordingly, we do not express such an opinion as a result of our review.

The *Independent Auditors' Report* for the *FY* 2006 financial statements of the Department of Homeland Security (DHS), of which CBP is a part, addresses material weaknesses related to financial management, financial reporting, and financial systems. However, none of these were attributable to CBP. Reportable conditions are matters coming to the auditors' attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in the auditors' judgment, could adversely affect DHS' ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Based on our FY 2006 review, nothing came to our attention that caused us to believe that management's assertions included in Section B of the accompanying Submission (Attachment A) are not fairly stated in all material respects based on the criteria set forth in the Circular.

During our FY 2005 review, we did not perform any tests related to reprogrammings and transfers due to what we considered "incomplete criteria against which to evaluate the subject matter, in terms of measurability and applicability for multi-mission bureaus." However, ONDCP later requested that we perform additional procedures in these areas to satisfy the requirements. During the performance of these additional procedures, we noted that CBP did not have formal mechanisms or procedures in place to track reprogrammings and transfers affecting drug funds as they occur, or to alert management when the \$5 million threshold is reached so that the necessary approvals can be obtained from ONDCP. As such, we conducted an FY 2006 review of CBP's handling of reprogrammings. We noted that the agency now has a manual process for tracking reprogrammings. However, no formal procedures have been developed to manage the process. Based on the information provided by CBP and from our inquiries, reprogrammings did not meet the \$5 million threshold in FY 2006.

Also, in our FY 2005 review we did not test CBP's compliance with ONDCP issued Fund Control Notices due to what we considered "incomplete criteria against which to evaluate the subject matter, in terms of measurability and applicability for multi-mission bureaus." However, in our FY 2006 review we asked CBP Budget personnel about the procedures in place to alert them concerning compliance with the Fund Control Notices. They informed us that they monitor drug obligations on a monthly basis to determine compliance. They also informed us that obligations to date were compared to one-third of the total drug request to determine whether more was obligated than authorized by the Fund Control Notice prior to having their financial plan approved. We recommend that CBP document the procedures used to make this determination.

We provided a copy of this report in draft to CBP. CBP had no comment on the report.

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

Should you have any questions, please call me, or your staff may contact James L. Taylor, Deputy Inspector General, at (202) 254-4100.

DEPARTMENT OF HOMELAND SECURITY  
CUSTOMS AND BORDER PROTECTION  
Annual Reporting of FY 2006 Drug Control Funds

DETAILED ACCOUNTING SUBMISSION

A. Table of FY 2006 Drug Control Obligations

(Dollars in Millions)

<b><u>Drug Resources by Function:</u></b>	
Intelligence	\$ 219.258
<u>Interdiction</u>	<u>1,210.190</u>
TOTAL	\$ 1,429.448
<b><u>Drug Resources by Appropriation:</u></b>	
Salaries and Expenses	\$ 1,022.920
<u>Air</u>	<u>406.528</u>
TOTAL	\$ 1,429.448

1. Drug Methodology

On the basis of past practice, five organizations within Customs and Border Protection (CBP), the Offices of: Border Patrol; Field Operations; Information Technology; Training and Development; and CBP Air were provided with guidance on preparing estimates for the FY 2006 annual reporting of drug control funds. These offices were asked to estimate, on the basis of their expert opinion, what portion of their activities is related to drug enforcement. In addition, these organizations were also asked to only provide data for obligations against budget authority that became available in FY 2006.

All five organizations identified resources in their financial plans that support the drug enforcement mission of the agency.

**OFFICE OF BORDER PATROL**

There are over 12,000 Border Patrol agents that are assigned the mission of detecting and apprehending illegal entrants between the ports-of-entry along the 8,000 miles of the United States borders. These illegal entries include aliens and drug smugglers, potential terrorists, wanted criminals, and persons seeking to avoid inspection at the designated ports of entry due to their undocumented status, thus preventing their illegal entry. It has been determined that 15 percent of the total agent time nationwide is related to drug ~~interdiction activities. These activities include staffing 26 permanent border traffic checkpoints nationwide including 529 canine units trained in the detection of humans~~ and certain illegal drugs that are concealed within cargo containers, truck trailers, passenger vehicles and boats. In addition, agents perform line watch functions in targeted border areas that are frequent entry points for the smuggling of ~~drugs~~ and people into the United States.

**OFFICE OF FIELD OPERATIONS**

The Office of Cargo Conveyance and ~~Security/Non-Intrusive~~ Inspection Division of the Office of Field Operations estimates that, as of August 2006, there were 2,600 CBP

Officer positions that are related to drug enforcement called Enforcement Team Officers. In August 2003, CBP established a Consolidated National Inspectional Anti-Terrorism Contraband Enforcement Team (A-TCET) Policy. Under A-TCET, the former Contraband Enforcement Team (CET), Manifest Review Unit (MRU), Non-Intrusive Inspection, Canine, and Outbound teams will be united to form a single enforcement team, A-TCET. The A-TCET also works closely with the Passenger Enforcement Rover Team (PERT) and Passenger Analytical Unit (PAU) teams to coordinate all enforcement activities. Although the primary mission of the A-TCET teams is anti-terrorism, they will also focus on all types of contraband, including narcotics. It is estimated that 85 percent of the A-TCET is devoted to drug enforcement. The smuggling methodologies and their indicators are believed to be similar for both narcotics and anti-terrorism activities.

As of August 2006, there was a total of 574 Canine Enforcement Officers. Included in the total were 320 Narcotics Detection Teams, 10 Currency Detection Teams and 138 **Narcotics/Human** Smuggling Detection Teams that were nearly 100 percent devoted to smuggling interdiction. Also included in the total, but not scored for narcotics enforcement are 82 Agricultural Teams, and 24 Explosive Detection Teams.

As of August 2006, there was also 14,289 Other CBP Officers that in addition to the interdiction of contraband and illegal drugs enforce hundreds of laws and regulations of many other Federal government agencies. For example, these agencies include the U.S. Fish and **Wildlife** Service, the Bureau of Alcohol, Tobacco, Firearms and Explosives, and the Bureau of Export Administration among many others. CBP subject matter experts estimate that roughly 30 percent of these officers' time is devoted to drug-related activities.

#### OFFICE OF INFORMATION TECHNOLOGY

The **Office** of Information Technology (OIT) supports the drug enforcement mission through the acquisition, and support and maintenance of technology, such as non-intrusive inspection systems and mission critical targeting **software** systems. Of **OIT's** spending, 50 percent of base of the Enforcement Technology Center; 100 percent of ATS-Narcotics systems software costs, 50 percent of the Treasury Enforcement Communications System (TECS) and ATS-Passenger software costs; and 10 percent of data center operations costs are estimated in support of the drug mission.

#### OFFICE OF TRAINING AND DEVELOPMENT

The Office of Training and Development (OTD) arrived at its estimates by reviewing all courses conducted to determine if the course contained drug enforcement related material. If the course was found to contain drug related material, the funding attributed to the course was then multiplied by the drug content percentage based on the drug budget methodology. Other resources were attributed to drug enforcement activities at a rate of 31 percent based on the diverse nature of **OTD's** programs such as anti-terrorism, career development, and transition training of the legacy workforce.

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#### CBP AIR and Marine

CBP Air's core competencies are air and marine interdiction, air and marine law enforcement, and air domain security. In this capacity, CBP Air and Marine targets the conveyances that illegally transport narcotics, arms, and aliens across our borders and in the Source, Transit and Arrival Zones. In support of Source and Transit Zone interdiction operations, the CBP Air and Marine P-3 Program has dedicated a minimum of 7,200 hours a year in support of Joint Interagency Task Force - South. This support has been instrumental in record seizures over the past two years.

Although 90 percent of the resources that support CBP Air and Marine are considered to be drug-related, since September 11, 2001, Air and Marine has steadily increased its support to counter-terrorism by developing a more cohesive and integrated response to national security needs as well as more emphasis on illegal immigration. Currently, Air and Marine is dedicating significant assets and personnel in support of Operation **HALCON** – a **US/Mexico** interdiction initiative, and support to the **Office** of Border Patrol in Southwest Border illegal alien intervention.

2. Methodology Modifications

There were no methodology modifications since last year.

3. Material Weakness or Other Findings

There were no material weaknesses or other findings by independent sources, or other known weaknesses, which may affect the presentation of prior year drug-related obligations data.

4. Reprogramming or Transfers

There are no reprogrammings or transfers that affected drug-related budgetary resources in excess of \$5 million.

5. Other Disclosures

There are no other disclosures as we feel are necessary to clarify any issues regarding the data reported under this circular.

B. Assertions

1. Drug Methodology

CBP asserts that the methodology used to estimate drug enforcement related obligations and FTE utilization is reasonable and accurate. The criteria associated with this assertion are as follows:

a. Data

The estimate of drug enforcement related costs is based on the methodology described in section A.I above, and presents a fair and accurate picture of the CBP ~~drug enforcement mission.~~

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b. Other Estimate Methods

There are no other estimation methods that are used as part of the drug methodology.

c. Financial Systems

**CBP's** financial systems are capable of providing data that fairly present, in all material respects, aggregate obligations. The drug methodology described in section

A.1 above is used to estimate what portion of these obligations may reasonably be considered to be associated with drug enforcement related activities.

2. Application of Methodology

The methodology described in section A.1 above was used to prepare the estimates contained in this report.

3. Reprogramming or Transfers

No changes were made to **CBP's** Financial Plan that required ONDCP approval per the ONDCP Circular dated April 18, **2003**.

4. Fund Control Notices

The data presented are associated with obligations against the financial plan that fully complied with the fund control notice issued by the Director of The Office of National Drug Control Policy on September 13, **2004**.

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**Office of Investigations - Hotline, 245 Murray Drive, SW, Building 410,**  
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