OFFICE OF INSPECTOR GENERAL

Review of U.S. Immigration and Customs Enforcement's Fiscal Year 2015 Detailed Accounting Submission

Homeland Security

January 27, 2016

OIG-16-31

DHS OIG Highlights

Review of U.S. Immigration and Customs Enforcement's Fiscal Year 2015 Detailed Accounting Submission

January 27, 2016

Why We Did This Review

The Office of National Drug Control Policy's (ONDCP) Circular, *Accounting of Drug Control Funding and Performance Summary*, requires National Drug Control Program agencies to submit to the ONDCP Director, not later than February 1 of each year, a detailed accounting of all funds expended for National Drug Control Program activities during the previous fiscal year. The Office of Inspector General (OIG) is required to conduct a review of the agency's submission and provide a conclusion about the reliability of each assertion in the report.

For Further Information:
Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

KPMG LLP, under contract with the Department of Homeland Security OIG, issued an Independent Accountants' Report on U.S. Immigration and Customs Enforcement's (ICE) Detailed Accounting Submission. ICE's management prepared the Table of FY 2015 Drug Control Obligations and related disclosures to comply with the requirements of the ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013 (Circular). Based on its review, nothing came to KPMG LLP's attention that caused it to believe that ICE's FY 2015 Detailed Accounting Submission is not presented in conformity with the criteria in ONDCP's Circular. KPMG LLP did not make any recommendations as a result of its review.

OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

JAN 27 2016

MEMORANDUM FOR: Jonathan Carver
Chief Financial Officer
U.S. Immigration and Customs Enforcement

FROM: Mark Bell
Assistant Inspector General for Audits

SUBJECT: *Review of U.S. Immigration and Customs Enforcement's Fiscal Year 2015 Detailed Accounting Submission*

Attached for your information is our final report, *Review of U.S. Immigration and Customs Enforcement's (ICE) Fiscal Year 2015 Detailed Accounting Submission.* ICE management prepared the Table of FY 2015 Drug Control Obligations and related disclosures to comply with the requirements of the Office of National Drug Control Policy's Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013.

We contracted with the independent public accounting firm KPMG LLP (KPMG) to review ICE's Detailed Accounting Submission. KPMG is responsible for the attached Independent Accountants' Report, dated January 20, 2016, and the conclusions expressed in it. KPMG's report contains no recommendations.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Maureen Duddy, Deputy Assistant Inspector General for Audits, at (202) 254-4100.

Attachment

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

Independent Accountants' Report

Assistant Inspector General for Audits
U.S. Department of Homeland Security:

We have reviewed the accompanying Detailed Accounting Submission of the U.S. Department of Homeland Security's (DHS) Immigration and Customs Enforcement (ICE) for the year ended September 30, 2015. ICE's management is responsible for the Detailed Accounting Submission.

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

Management of ICE prepared the Detailed Accounting Submission to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Accounting of Drug Control and Performance Summary*, dated January 18, 2013 (the Circular).

Based on our review, nothing came to our attention that caused us to believe that the Detailed Accounting Submission for the year ended September 30, 2015, referred to above, is not presented, in all material respects, in conformity with the criteria set forth in the Circular.

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

KPMG LLP

January 20, 2016

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Office of the Chief Financial Officer

U.S. Department of Homeland Security
500 12th Street, SW n
Washington, D.C. n20536 n

U.S. Immigration and Customs Enforcement

January 20, 2016

Mr. Mark Bell
Assistant Inspector General for Audit
U.S. Department of Homeland Security
Office of the Inspector General

Dear Mr. Bell,

In accordance with the Office of the National Drug Control Policy circular, Drug Control Accounting, dated January 18, 2013, enclosed is Immigration and Customs Enforcement's report of FY 2015 drug obligations, drug control methodology and assertions.

If you require further assistance on this information, please contact Christopher Maiwurm at (202) 732-4361.

Sincerely,

Kika Scott
Acting Director, Office of Budget and Program Performance
U.S. Immigration and Customs Enforcement

U.S. Department of Homeland Security
U.S Immigration and Customs Enforcement
Detailed Accounting Submission of Drug Control Funds during Fiscal Year 2015

A. **Table of FY 2015 Drug Control Obligations**

Drug Resources by Budget Decision Unit and Function:

	FY 2015 Final (In Millions)
Drug Resource by Drug Control Function	
omestic Investigations	$454.869
International Operations	$8.368
Intelligence: omestic	$24.267
Intelligence: International	$0.367
Total	**$487.871**
Drug Resources by Budget Decision Unit	
Salaries and Expenses – Immigration Enforcement	
Total	**$487.871**
High Intensity Drug Trafficking Area (HIDTA) Transfer	$1.189

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. ICE's Homeland Security Investigations (HSI) Domestic Investigations, International Operations (IO) and Office of Intelligence uphold U.S. drug control policy delegated amid the Office of National Drug Control Policy (ONDCP) initiatives, by fully supporting the overall ICE mandate to detect, disrupt, and dismantle smuggling organizations. Therefore, separate calculations are formulated for the three ICE HSI sanctioned programs that undertake in counter-narcotic investigative activity, broken out in the table above.

Domestic Investigations

The methodology for HSI Domestic Investigations is based on investigative case hours recorded in ICE's automated Case Management System. ICE officers record the type of investigative work they perform in this system, which interfaces with Treasury Enforcement Communications System (TECS), a system used to identify and report case hours coded to specific investigative

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categories. Following the close of the fiscal year, ICE uses TECS reports to identify and report am the total investigative case hours coded as general narcotics cases or money-laundering narcotics am cases. A second TECS report shows investigative case hours logged. A percentage is derived by am dividing the number of investigative case hours linked to drug-control activities by the total am number of investigative case hours. This percentage may fluctuate from year to year. For fiscal am year (FY) 2015, the actual percentage for Domestic Investigations was 26.76%. To calculate a am dollar amount of obligations, this percentage was applied to actual obligations incurred by am Domestic Investigations, excluding reimbursable authority. ICE uses the Federal Financial am Management System (FFMS) to identify the obligations incurred. am

International Operations (IO)

The methodology for IO is based on investigative case hours recorded in ICE's automated Case am Management System. ICE officers record the type of work they perform in this system, which am interfaces with TECS. Following the close of the fiscal year, a TECS report is run showing am investigative case hours coded as general narcotics cases or money-laundering narcotics cases. am A second report is run showing all investigative case hours logged for international law am enforcement operations. A percentage is derived by dividing the number of international am investigative case hours linked to drug-control activities by the total number of investigative case am hours. For IO, the actual percentage of hours that were counter-narcotics related was 7.56% in am FY 2015. To calculate a dollar amount of obligations, this percentage was applied to actual am obligations incurred by International Affairs, excluding reimbursable authority. The FFMS is the am system used to generate the actual obligations incurred. am

Office of Intelligence

ICE officers provide intelligence services for Domestic Investigations and IO to support criminal am investigations aimed at disrupting and dismantling criminal organizations involved in am transnational drug trade and associated money-laundering crimes. The methodology for the am Office of Intelligence is based on intelligence case hours recorded in ICE's automated Case am Management System. ICE intelligence officers record the type of work they perform in this am system, which interfaces with TECS. Following the close of the fiscal year, a report in TECS is am run showing investigative case hours coded as counter-narcotics cases or money-laundering am narcotics cases. A second report is generated showing all investigative case hours logged. A am percentage is derived by dividing the number of investigative case hours linked to drug-control am activities by the total number of investigative case hours logged for the Office of Intelligence. am For FY 2015, 32.21% of the total case hours for the Office of Intelligence were in support of am drug-control activities. To calculate a dollar amount of drug-control obligations, this percentage am was applied to actual obligations incurred by the Office of Intelligence, excluding reimbursable am authority. The FFMS is the system used to generate the actual obligations incurred. am

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The Office of Intelligence case hours recorded in TECS captures both domestic and international a drug-arelated activity. aICE Intelligence calculates the total percentage of case hours that support a Domestic and International drug enforcement activity by adding the end of the year total number a of Intel Domestic and Intel Office of International Operations drug-controlled investigative hours a in TECS and dividing these totals by the total number of Domestic drug-controlled investigative a hours and IO drug-controlled investigative hours. aThe resulting percentage is used to determine a the amount of work that the Office of Intelligence does in support of drug operations for a international activities (1.49%) and domestic activities (98.51%). The respective percentages are a applied to the total Office of Intelligence drug-related obligations as determined above to a identify the relative international and domestic obligations expended by the Office of a Intelligence for drug-control activities. a

Methodology a

There were no modifications to the drug methodology from the previous year to report. a

Findings

In the FY a015 integrated audit of the DHS Independent Auditors' Report and internal control a over afinancial areporting, aICE acontributed ato amaterial aweaknesses ain athe areas aof aFinancial a Reporting aand Information aTechnology a(IT) aControls aand aSystem aFunctionality. aWe anote athe a material weaknesses identified for Financial Reporting and IT is not relevant with respect to the a information acontained ain athis areport, aas athe anature aof athe afindings awere anot arelated ato athe a Budgetary Accounting process (where funding data is maintained). a

The contributions to DHS' material weaknesses identified above did not impair ICE's ability to a report complete and accurate obligation and expense data in the Table of FY a015 Drug Control a Obligations. a

Reprogrammings a

In FY a015, there were no reprogrammings or transfers that affected drug-related budgetary a resources. a

Disclosure No. 5: Other Disclosures a

There are no other disclosures ICE feels are necessary to clarify any issues regarding the data a reported. a

HSI releases the attached information with the understanding that the requestor will only utilize such information vr v thv purpose stated in the request. vPrior to using the information for any other purpose, or release to a third party, thv v requestor should inform and seek approval from HSI.

B. **Assertions**

Assertion No. P: Obligations by Budget Decision Unit P

Not Applicable - As a multi-mission agency, ICE is exempt from reporting under this section as P noted in the Office of National Drug Control Policy (ONDCP) *Circular, Accounting of Drug Control Funding and Performance Summary.*

Assertion No. 2: Drug Methodology

The methodology used to calculate obligations of prior year budgetary resources by budget P decision unit and function is reasonable and accurate in regard to the workload data employed P and the estimation methods used. PThe workload data derived from TECS, discussed in the P methodology section above, is based on work performed between October P, 2014 and P September 30, 2015. There are no other estimation methods used. PThe financial system used to P calculate the drug-related budget obligations is the FFMS which is capable of yielding data that P fairly presents, in all material respects, aggregate obligations. P

Assertion No. 3: Application of Drug Methodology

The methodology disclosed in Section A, Disclosure No. P was the actual methodology used to P generate the Table of FY 2015 Drug Control Obligations. P

Assertion No. 4: Reprogrammings or Transfers P

FY 2015, the data presented are associated with obligations against a financial plan that was P sent to and approved by ONDCP. PThere were no reprogrammings or transfers of drug-related P resources in excess of $1 million that required ONDCP approval. P

Assertion No. 5: Fund Control Notices P

No Fund Control Notice was issued as defined by the ONDCP Director under 2P U.S.C. Section P 1703(f) and Section 9 of the ONDCP Circular, *Budget Execution*, to ICE in FY 2015. P

HSI releases the attached information with the understanding that the requestor will only utilize such information for th e purpose stated in the request. tPrior to using the information for any other purpose, or release to a third party, the th requestor should inform anthseek approval from HSI.

Appendix A
Report Distribution

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U.S. Immigration and Customs Enforcement

Director
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Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees

Office of National Drug Control Policy

Associate Director for Management and Administration

ADDITIONAL INFORMATION AND COPIES

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