

**Review of U.S. Immigration
and Customs Enforcement's
Fiscal Year 2017 Detailed
Accounting Submission for
Drug Control Funds**





DHS OIG HIGHLIGHTS

Review of U.S. Immigration and Customs Enforcement's Fiscal Year 2017 Detailed Accounting Submission for Drug Control Funds

January 30, 2018

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 (FY).

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

Williams, Adley & Company –DC, LLP (Williams Adley), 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 2017 Drug Control Obligations and related disclosures in accordance 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 Williams Adley's attention that caused it to believe that ICE's FY 2017 Detailed Accounting Submission is not presented in conformity with the criteria in ONDCP's Circular. Williams Adley did not make any recommendations as a result of its review.



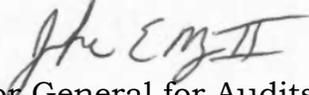
OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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

JAN 30 2018

MEMORANDUM FOR: Stephen Roncone
Chief Financial Officer
U.S. Immigration and Customs Enforcement

FROM: John E. McCoy II 
Assistant Inspector General for Audits

SUBJECT: *Review of U.S. Immigration and Customs Enforcement's
Fiscal Year 2017 Detailed Accounting Submission for
Drug Control Funds*

Attached for your information is our final report, *Review of U.S. Immigration and Customs Enforcement's Fiscal Year 2017 Detailed Accounting Submission for Drug Control Funds*. U.S. Immigration and Customs Enforcement's (ICE) management prepared the Table of FY 2017 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 Williams, Adley & Company –DC, LLP (Williams Adley) to review ICE's Detailed Accounting Submission. Williams Adley is responsible for the attached Independent Accountants' Report, dated January 16, 2018, and the conclusions expressed in it. This 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 (617) 565-8723.

Attachment



Independent Accountant's Report

Inspector General
United States Department of Homeland Security

We have reviewed management's assertions related to the Detailed Accounting Submission (DAS) of the U.S. Department of Homeland Security's (DHS) Immigration and Customs Enforcement (ICE) for the year ended September 30, 2017. ICE management is responsible for the preparation of the DAS in conformity with requirements of the Office of National Drug Control Policy Circular: *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013 (the Circular). Our responsibility is to express a conclusion about management's assertions.

Our review was conducted in accordance with generally accepted government auditing standards, which incorporate the attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to the DAS or DAS assertions in order for them to be in accordance with the Circular. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the DAS or the DAS assertions for the year ended September 30, 2017 in order for them to be in conformity with the requirements set forth in the Circular.

Williams, Adley & Company-DC, LLP
Washington, District of Columbia
January 16, 2018

Office of the Chief Financial Officer

U.S. Department of Homeland Security
500 12th Street, SW
Washington, D.C. 20536



U.S. Immigration
and Customs
Enforcement

January 18, 2018

Mr. John Kelly
Deputy Inspector General
U.S. Department of Homeland Security
Office of Inspector General

Dear Mr. Kelly,

In accordance with the Office of National Drug Control Policy Circular: *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, enclosed is Immigration and Customs Enforcement's report of FY 2017 drug obligations, drug control methodology and assertions.

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

Sincerely,

A handwritten signature in black ink that reads "Michelle Aguilar".

Michelle Aguilar, Deputy 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 Funding during Fiscal Year 2017**

A. Table of FY 2017 Drug Control Obligations

Drug Resources by Budget Decision Unit and Function:

	FY 2017 Final (In Millions)
Drug Resource by Drug Control Function	
Domestic Investigations	\$584.472
International Operations	\$7.805
Intelligence: Domestic	\$33.976
Intelligence: International	\$0.524
Total	\$626.777
Drug Resources by Budget Decision Unit	
Salaries and Expenses – Immigration Enforcement	
Total	\$626.777
High Intensity Drug Trafficking Area (HIDTA) Transfer	\$2.597

HIDTA Funds represent total authorized and available during FY2017 (multi-year funds: FY16/17 and FY17/18)

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 to determine obligation data for the three ICE HSI sanctioned programs that undertake in counter-narcotic investigative activity, presented in the table above. Thereafter, the following three (3) sections cover each program in detail.

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 in the form of case hours. These case hours can then be aggregated to show overall level of effort.

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

Following the close of the fiscal year, ICE uses ICM reports to identify and report the total investigative case hours coded as general narcotics cases or money-laundering narcotics cases. A second ICM report shows the total Domestic investigative case hours logged. The percentage of Domestic investigative case hours logged is derived by dividing the number of investigative case hours linked to drug-control activities by the total number of investigative case hours. This percentage may fluctuate from year to year. For FY 2017, the actual percentage for Domestic Investigations was 31.98 percent. To calculate a dollar amount of obligation, the percentage is applied to the FY 2017 enacted Domestic Investigations budget; excluding reimbursable authority. ICE uses the Federal Financial Management System (FFMS), ICE's general ledger system, to identify the obligations incurred.

International Operations (IO)

The methodology for IO is based on investigative case hours recorded in ICE's automated Case Management System. ICE officers record the type of work and related case hours they perform in this system, which interfaces with ICM. Following the close of the fiscal year, an ICM report is run showing investigative case hours coded as general narcotics cases or money-laundering narcotics cases. A second report is run showing all investigative case hours logged for international law enforcement operations. The international investigative case hours logged percentage is derived by dividing the number of international investigative case hours linked to drug-control activities by the total number of investigative case hours. For IO, the actual percentage of hours that were counter-narcotics related was 7.40 percent in FY 2017. To calculate the dollar amount of obligations for the IO drug control function, the percentage is applied to the FY 2017 enacted IO budget, excluding reimbursable authority. The FFMS is the system used to generate the actual obligations incurred.

Office of Intelligence

ICE officers provide intelligence services for Domestic Investigations and IO to support criminal investigations aimed at disrupting and dismantling criminal organizations involved in transnational drug trade and associated money-laundering crimes. The methodology for the Office of Intelligence is based on intelligence case hours recorded in ICE's automated Case Management System. ICE intelligence officers record the type of work and related case hours they perform in this system, which interfaces with ICM. Following the close of the fiscal year, a report in ICM is run showing investigative case hours coded as counter-narcotics cases or money-laundering narcotics cases. A second report is generated showing all investigative case hours logged. The intelligence investigative case hours percentage is derived by dividing the number of investigative case hours linked to drug-control activities by the total number of investigative case hours logged for the Office of Intelligence. For FY 2017, 43.05 percent of the total case hours for the Office of Intelligence were in support of drug-control activities. To calculate the dollar amount of obligations for the Office of Intelligence drug control function, the percentage is applied to the FY 2017 enacted Intelligence budget, excluding reimbursable authority. The FFMS is the system used to generate the actual obligations incurred.

The Office of Intelligence case hours recorded in ICM captures both domestic and international drug-related activity. The Office of Intelligence calculates the total percentage of case hours that support Domestic and International drug enforcement activity by adding the end of the year total number of Intel Domestic and Intel Office of International Operations drug-controlled investigative hours in ICM and dividing these totals by the total number of Domestic drug-controlled investigative hours and IO drug-controlled investigative hours. The resulting percentage is used to determine the amount that Intelligence does for international activities (1.52 percent) and domestic activities (98.48 percent). The respective percentages are applied to the total Office of Intelligence drug-related obligations as determined above to identify the relative international and domestic obligations expended by the Office of Intelligence for drug-control activities.

2: Methodology Modifications

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

3: Material Weaknesses or Other Findings

In the Fiscal Year 2017 Department of Homeland Security (DHS or the Department) Financial Statement Audit, ICE contributed to material weaknesses in the areas of Financial Reporting and Information Technology (IT) Controls and System Functionality. Specifically, ICE recognizes weaknesses in financial reporting related to untimely obligation of executed contracts, specifically, ensuring there was an executed contract and corresponding obligation of funds prior to incurring expenses, as well as ineffective design of the Procurement Request Information System Management (PRISM) to Federal Financial Management System (FFMS) and Bond Management Information System (BMIS) to FFMS reconciliations. ICE must improve and automate the controls related to the analysis of outstanding obligations, and improve controls to ensure timeliness of execution of contracts and corresponding obligations. Additionally, ICE must improve the tools used to reconcile PRISM and FFMS, to ensure all contracts awarded in PRISM are recorded in FFMS, and implement timeliness policies to ensure unreconciled items in both reconciliations are cleared timely. ICE must also focus heavily on access controls for all financial related systems, such as the systems used for financial management, invoice management, real property, time/attendance, bond management and procurement. ICE has completed a full assessment of application controls for all CFO designated systems, will execute corrective actions for new weaknesses, and conduct routine verification and validation to ensure improvements are being sustained.

The contributions to the material weaknesses identified above did not impair ICE's ability to report complete and accurate obligation data in the Table of FY 2017 Drug Control.

4: Reprogrammings or Transfers

During FY 2017, ICE had reprogrammings and transfers. As a component of DHS, ICE submits all reprogramming and transfer requests through the Department for approval, and the impact of these changes is assessed by the Department. In FY 2017, the Department determined there were no reprogrammings or transfers that materially impacted ICE's drug-related obligations reported in the

Table of FY 2017 Drug Control Obligations.

5: Other Disclosures

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

B. Assertions

1: Obligations by Budget Decision Unit

Not Applicable- As a multi-mission agency, ICE is exempt from reporting under this section as noted in the Office of National Drug Control Policy (ONDCP) Circular: *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013.

2: Drug Methodology

The methodology used to calculate obligations of 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 derived from ICM, discussed in the methodology section above, is based on work performed between October 1, 2016 and September 30, 2017. There are no other estimation methods used. The financial system used to calculate the drug-related budget obligations is the FFMS, which is reliable and capable of yielding data that fairly presents, in all material respects, aggregate obligations.

3: Application of Drug Methodology

The methodology disclosed in Section A, Disclosure No. 1 was the actual methodology used to generate the Table of FY 2017 Drug Control Obligations.

4: Reprogrammings or Transfers

The data presented are associated with obligations against a financial plan that properly reflects all changes in drug-related budgetary resources that occurred during the fiscal year, including reprogrammings or transfers. Although the Department determined there was no material impact to drug-related obligations, the ONDCP approved all reprogrammings or transfers in excess of \$1 million in FY 2017.

5: Fund Control Notices

No Fund Control Notice was issued, as defined by the ONDCP Director under 21 U.S.C. Section 1703(f) and Section 9 of the ONDCP Circular: *Budget Execution*, to ICE in FY 2017.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix A
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