

**Review of U.S. Customs
and Border Protection's
Fiscal Year 2018 Detailed
Accounting Submission for
Drug Control Funds**





DHS OIG HIGHLIGHTS

Review of U.S. Customs and Border Protection's Fiscal Year 2018 Detailed Accounting Submission for Drug Control Funds

March 8, 2019

Why We Did This Review

The Office of National Drug Control Policy's (ONDCP) Circular, *Accounting of Drug Control Funding and Performance Summary*, requires each National Drug Control Program agency to submit to the ONDCP Director 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) 981-6000, 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 Accountant's Report on U.S. Customs and Border Protection's (CBP) Detailed Accounting Submission. CBP management prepared the Table of FY 2018 Drug Control Obligations and related disclosures in accordance with requirements of ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary*, dated May 8, 2018 (the Circular).

CBP's management was unable to provide supporting documentation for the drug control methodology used to estimate the percentages of obligations allocated between interdiction and intelligence. These percentages are used to derive the dollar-value of obligations reported as Drug Resources by Budget Decision Unit and Drug Control Function in the Table of FY 2018 Drug Control Obligations presented in CBP's Detailed Accounting Submission. As a result, Williams Adley was unable to complete review procedures needed to assess the reasonableness and accuracy of the methodologies used.

Except as noted above, nothing came to Williams Adley's attention that caused it to believe that the FY 2018 Detailed Accounting Submission is not presented in conformity with the criteria in the Circular.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

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

March 8, 2019

MEMORANDUM FOR: Henry A. Moak, Jr.
Chief Accountability Officer
U.S. Customs and Border Protection

FROM: Sondra F. McCauley 
Assistant Inspector General for Audits

SUBJECT: *Review of U.S. Customs and Border Protection's Fiscal Year 2018 Detailed Accounting Submission for Drug Control Funds*

Attached for your information is our final report, *Review of U.S. Customs and Border Protection's Fiscal Year 2018 Detailed Accounting Submission for Drug Control Funds*. U.S. Customs and Border Protection (CBP) management prepared the Table of FY 2018 Drug Control Obligations and related disclosures to comply with requirements of the Office of National Drug Control Policy's Circular, *Accounting of Drug Control Funding and Performance Summary*, dated May 8, 2018.

We contracted with the independent public accounting firm Williams, Adley & Company – DC, LLP (Williams Adley) to review CBP's Detailed Accounting Submission. Williams Adley is responsible for the attached Independent Accountant's Report, dated February 14, 2019, and the conclusions expressed in it. Williams Adley'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 at (202) 981-6000, or your staff may contact Maureen Duddy, Deputy Assistant Inspector General for Audits, at (617) 565-8723.

Attachment



Independent Accountant's Report

Acting 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) Customs and Border Protection (CBP) for the year ended September 30, 2018. CBP management is responsible for the preparation of the DAS in conformity with the requirements of the Office of National Drug Control Policy Circular: *Accounting of Drug Control Funding and Performance Summary*, dated May 8, 2018 (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 to obtain reasonable assurance about whether CBP's DAS and DAS assertions are in accordance with the Circular, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. We believe that our review provides a reasonable basis for our conclusion.

ONDCP Circular: Budget Formulation requires CBP to utilize a drug control methodology for presenting their National Drug Control Budget by drug control functions. This Circular also states that the methodology must provide a reasonable basis for consistent estimation. Based on our testing, we noted that CBP Management was unable to provide supporting documentation for the drug control methodology used for estimating the percentages of obligations allocated between interdiction and intelligence. These percentages are used to derive the dollar-value of obligations reported as Drug Resources by Budget Decision Unit and Drug Control Function in the Table of FY 2018 Drug Control Obligations presented in the DAS. As a result, we were not able to assess the reasonableness and accuracy of the methodologies used.

Based on our review, except for the effects of the matter described above, 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, 2018, in order for them to be in conformity with the requirements set forth in the Circular.

WILLIAMS, ADLEY & COMPANY-DC, LLP

Certified Public Accountants / Management Consultants

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www.williamsadley.com

This report is intended solely for the information and use of CBP and the Office of National Drug Control Policy, and is not intended to be, and should not be, used by anyone other than the specified parties.

Williams, Arley & Company-DC, LLP

Washington, D.C.

February 14, 2019

1300 Pennsylvania Avenue
NW Washington, DC 20229



U.S. Customs and
Border Protection

Mr. James W. Carroll
Director, Office of National Drug Control Policy
Executive Office of the President
Office of National Drug Control Policy
Washington, DC 20503

Dear Mr. Carroll:

Enclosed is the U.S. Customs and Border Protection (CBP) Fiscal Year (FY) 2018 Detailed Accounting Submission on National Drug Control Funding. In FY 2018, CBP reported direct obligations of approximately \$3,064.6 million.

If you have any questions or would like additional information, please contact me at (202) 325-2254.

A handwritten signature in black ink, appearing to read "S. D. Grable", with a long horizontal line extending to the right.

Samuel D. Grable
Chief

U.S. Customs and Border Protection
Department of Homeland Security

Enclosure

**U.S. DEPARTMENT OF HOMELAND SECURITY
U.S. CUSTOMS AND BORDER PROTECTION
Detailed Accounting Submission of Fiscal Year 2018 Drug Control Funds**

DETAILED ACCOUNTING SUBMISSION

A. Table of Fiscal Year (FY) 2018 Drug Control Obligations

Drug Resources by Budget Decision Unit	FY 2018 Final (\$ in Millions)
Operations and Support (O&S)	\$2,863.532
Procurement, Construction, and Improvements (PC&I)	\$201.067
Total Resources by Drug Control Unit	\$3,064.599
Drug Resources by Drug Control Function	
Intelligence	
United States Border Patrol	\$20.043
Office of Field Operations	\$275.632
Office of Information and Technology	\$10.412
Office of Training and Development	\$2.284
Air and Marine Operations	\$153.102
Intelligence - Total	\$461.473
Interdiction	
United States Border Patrol	\$762.372
Office of Field Operations	\$1,174.118
Office of Information and Technology	\$7.066
Office of Training and Development	\$61.134
Office of Acquisition	\$28.250
Air and Marine Operations	\$570.186
Interdiction - Total	\$2,603.126
Total Resources by Drug Control Function	\$3,064.599
Total Obligations	\$3,064.599
High Intensity Drug Trafficking Area (HIDTA)	\$0.213

Note: Drug resources broken down by unit and function as reflected in the budget structure enacted in the FY 2018 Department of Homeland Security (DHS) Appropriations Act (P.L. 115-141).

1. Drug Methodology

U.S. Customs and Border Protection (CBP) is a multi-mission agency that calculates obligations by budget decision unit and drug control function, pursuant to an approved drug control funds calculation methodology. There are six program offices within CBP that are tasked with drug-control responsibilities: U.S. Border Patrol (USBP), the Offices of Field Operations (OFO), Information and Technology (OIT), Training and Development (OTD), Acquisition (OA), and Air and Marine Operations (AMO). In conformity with the requirements of ONDCP Circular: *Accounting of Drug Control Funding and Performance Summary*, dated May 8, 2018, each program office has developed a drug methodology to

estimate the percentage of its obligations related to drug enforcement. USBP, OFO, OIT, and AMO attribute their resources to both intelligence and interdiction functions while OTD and OA attribute their resources solely to interdiction.

The Drug Control Obligations table is based on actual obligations for each decision unit and program office named above for FY 2018. The obligation reports are generated by data reported in CBP's Systems, Applications, and Products in Data Processing (SAP) system, which is a DHS-approved accounting system. SAP is a fully integrated Enterprise Resource Planning (ERP) system that CBP uses to record and report obligations. Each program office multiplies its drug control obligation percentages by its actual total obligations per SAP to estimate obligations related to drug enforcement activities. The drug methodology developed and applied by each program office is described below:

UNITED STATES BORDER PATROL (USBP)

The USBP is responsible for controlling almost 6,000 miles of land borders between ports of entry with Canada and Mexico, and nearly 2,700 miles of coastal waters surrounding the Florida Peninsula and Puerto Rico. There were 19,555 Border Patrol agents, as of September 30, 2018, assigned to the mission of detecting and apprehending illegal entrants between the ports-of-entry. These illegal entries include aliens, drug smugglers, potential terrorists, wanted criminals, and persons seeking to avoid inspection at the designated ports of entry due to their undocumented status. USBP has determined that 15 percent of its activities are related to drug activities. This percentage was determined based on a historical study of the hours worked by agents, canine officers, and core personnel at various border check-points with narcotic-intensive activities. USBP resources come from (1) the Border Security Operations program, project, and activity (PPA) within CBP's Operations and Support (O&S) appropriation, and the Border Security Assets and Infrastructure PPA within CBP's Procurement, Construction, and Improvements (PC&I) appropriation.

Of the 15 percent of Fund 18500 obligations related to drug enforcement activities, USBP determined through the historical study referred to in the above paragraph that 3.5 percent of agents' efforts are related to intelligence and 96.5 percent are related to drug interdiction. Also, historically, the 15 percent of Fund 18530/18560 obligations are related to drug interdiction only. These activities include staffing permanent border traffic checkpoints nationwide, including 888 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.

This data comes from a historical study performed by USBP, which provides reliable source data for the drug methodology described above.

CBP is the lead agency within DHS for the development and deployment of border technology and tactical infrastructure to secure America's borders. Prior to FY 2017, CBP's Border Security Fencing, Infrastructure, and Technology (BSFIT) appropriation provided multi-year funding for USBP to develop and install technology and tactical infrastructure solutions, enabling a more effective and efficient method for controlling border security. While CBP still has multi-year funds available from previously enacted BSFIT appropriations, CBP transitioned to the DHS Common Appropriations Structure (CAS) beginning in FY 2017. Consequently, the BSFIT appropriation has been discontinued and counterdrug funding is now appropriated through CBP's

O&S and PC&I appropriations. All anticipated and actual obligations for drug control activities are now being accounted for through USBP. Obligations for FY 2018 BSFIT carryover funds were captured using the standard calculation of 15 percent of BSFIT obligations.

OFFICE OF FIELD OPERATIONS (OFO)

OFO estimates there were 3,316 CBP officer (CBPO) full-time equivalents related to drug enforcement on enforcement teams in FY 2018. Anti-Terrorism Contraband Enforcement Teams (A-TCET) work closely with the Passenger Enforcement Rover Team (PERT) and Passenger Analytical Unit (PAU) teams to coordinate all enforcement activities. Although the primary mission of A-TCET teams is anti-terrorism, they also focus on all types of contraband, including narcotics. CBP estimates that 69 percent of the A-TCET is devoted to drug enforcement. The smuggling methodologies and their indicators are similar for both narcotics and anti-terrorism activities. Of the funding that is devoted to enforcement teams, OFO estimates that 85 percent is dedicated to interdiction with 15 percent dedicated to intelligence.

OFO had 23,251 CBPOs in FY 2018, who, in addition to the interdiction of contraband and illegal drugs, enforce hundreds of laws and regulations on behalf of many other Federal Government agencies. The other Federal agencies include, for example, the U.S. Fish and Wildlife Service; Bureau of Alcohol; Tobacco; Firearms and Explosives; and Bureau of Export Administration, among many others. CBP subject matter experts estimate that approximately 30 percent of these officers' time is devoted to drug-related activities. Of the funding that is devoted to general officer duties, OFO estimates that 80 percent is dedicated to interdiction with 20 percent dedicated to intelligence.

CBP uses a variety of Non-Intrusive Inspection (NII) systems and Radiation Detection Equipment (RDE) systems as part of its layered inspection strategy to achieve its primary mission of securing the Nation's borders and protecting America from the entry of dangerous people and goods. These systems are also used to facilitate the flow of legitimate trade and travel across U.S. borders. It is estimated that 77 percent of the funding for NII is associated with general contraband detection, which would include narcotics. Of the total funding that is devoted to NII, OFO estimates that 70 percent is dedicated to interdiction with 30 percent dedicated to intelligence.

Multiple types of NII and RDE systems are used to thoroughly and quickly inspect sea containers, rail cars, trucks, automobiles, pallets, and various packages and parcels for the presence of contraband without damaging the conveyance or its contents. These systems keep CBP officials from resorting to more intrusive and time-consuming manual inspections, such as unloading, drilling and dismantling.

On October 26, 2017, the Administration announced a National Health Emergency to combat the Opioid crisis. Seizures of illicit fentanyl have risen substantially in the last three years. Despite increased enforcement actions, there has been a dramatic and disturbing increase in overdose deaths attributable to illicit fentanyl and other synthetic drugs. In response to this rise, OFO has begun to procure, deploy, and train employees in an effort to improve the agency's capability to detect and interdict fentanyl and other opioids. Those resources were accounted for in this analysis. CBP has a limited number of narcotic detection devices deployed to its largest Port of Entry (POE) along the southwest border.

CBP also uses three types of canine teams: narcotics/human, drug, and currency. CBP has 506 canine officers in the field. Of the funding devoted to these canine teams, 100 percent of their time is devoted to drug interdiction. CBP has established and deployed a world-class detector dog program to augment existing technology while establishing cutting edge detection capabilities. CBPOs use specially trained detector dogs in interdiction and to support specialized programs aimed at combating the terrorist threat at the Nation's borders, international airports, and seaports.

This data comes from the Cost Management Information System (CMIS) and an internal CBP Canine Tracking System (Canine TS), which provide reliable source data for the drug methodology described above.

OFFICE OF INFORMATION AND TECHNOLOGY (OIT)

OIT's budget supports the drug enforcement mission through the acquisition, support, and maintenance of technology, and mission critical targeting application systems. Of OIT's spending, it is estimated that 10 percent of Automated Targeting Systems software application costs; TECS; and data center operations costs are in support of the drug mission. Of OIT's funding, it is estimated 40 percent is spent on drug interdiction and 60 percent is devoted to intelligence. The determinations surrounding the percentage of OIT spending that related to drug enforcement activities, specifically interdiction and intelligence, was determined through professional judgment, which provides reliable source data for the drug methodology described above.

OFFICE OF TRAINING AND DEVELOPMENT (OTD)

OTD calculates the portion of their budget attributable to drug control funding by issuing an annual data call for all projected National Training Plan (NTP) funded training courses to assess if courses contain any items related to drug enforcement material and activities. The curriculum of each course is reviewed and subject matter experts determine course hours delivered related to drug enforcement for this task. If specific courses offered through the NTP contain drug enforcement related material, a specific percentage for that course is defined (hours related to drug enforcement training divided by the total number of course hours). Specific training programs identified include the canine training programs and basic, specialized, and advanced training for CBP officers and agents. OTD's day-to-day operational resources are attributed to drug enforcement activities at the same rate as the NTP course delivery which is 32.4 percent for interdiction and 1.2 percent for intelligence for FY 2018. These percentages vary during the year of execution depending upon actual course delivery obligation rates.

OFFICE OF ACQUISITION (OA)

In FY 2017, both funding and OA's Program Management Office were realigned to USBP as part of the DHS transition to the CAS, which has changed OA's role with respect to drug control activities. With the exception of support contracts, all counternarcotics-related funding is now budgeted through USBP. In FY 2018, OA used support contracts to assist in the development, deployment, operations, and maintenance of border technology as part of a Service Level Agreement to continue providing support to the Program Management Office as it transitioned to USBP. OA applies a 15 percent ratio to this funding, which matches the USBP counternarcotics methodology.

AIR AND MARINE OPERATIONS (AMO)

AMO's core competencies are air and marine interdiction, air and marine law enforcement, and air domain security. In this capacity, AMO targets the conveyances that illegally transport narcotics, arms, and aliens across the Nation's borders and in the Source, Transit, and Arrival Zones. In FY 2018, AMO P-3 aircraft flew 6,124 hours in drug control efforts, which represent 98 percent of the 6,249 total hours flown in support of Joint Interagency Task Force-South (JIATF-S) in the Source and Transit zones. AMO P-3's participated in the interdiction of 254,144 pounds of cocaine in the Source and Transit zones. This equates to 41.5 pounds of cocaine for every counternarcotic hour flown. CBP continues to deploy surveillance technology tailored to the operational requirements along the highest trafficked areas of the southwest border.

Since September 11, 2001, AMO has steadily increased its support to counter-terrorism by developing a more cohesive and integrated response to national security needs, as well as placing more emphasis on illegal immigration. AMO is dedicating significant assets and personnel in support of U.S./Mexico interdiction initiative, and in support of USBP's southwest border illegal alien intervention.

Using flight hours spent performing drug-related activities, AMO has determined that 80 percent of the budget resources that support AMO are considered to be drug-related. Of the total flight hours flown by AMO, 22 percent were related to intelligence and 78 percent were related to interdiction in FY 2018.

The source data for the financial information/flight hour information is retrieved from AMO's official system of record, the Tasking, Operations, and Management Information System (TOMIS). TOMIS has undergone a verification and validation by DHS and has been referenced in several reviews by the Government Accountability Office (GAO) and the DHS Office of the Inspector General (OIG), and it provides reliable source data for the drug methodology described above.

2. Methodology Modifications

The drug control methodology for obligations used in FY 2018 remained the same as the methodology used in FY 2017 for the reported program offices.

3. Material Weaknesses or Other Findings

CBP contributed to the Departmental material weaknesses in Information Technology Controls and Financial System Functionality and Financial Reporting. However, CBP's control deficiencies did not impair CBP's ability to report complete and accurate obligation data in the Table of FY 2018 Drug Control Obligations. While control deficiencies surrounding CBP's accounting system, SAP, was attributed to access controls, CBP had sufficient compensating controls to ensure accounting records were accurate.

CBP also contributed to the Department's significant deficiencies in Entity-Level Controls and Custodial Revenue and Refunds and Drawbacks. The deficiencies are not relevant with respect to information contained in this report, as there is not information presented that is significantly reliant upon Financial

Reporting or Entity-Level Controls, or information related to custodial revenues and refunds and drawbacks.

4. Reprogrammings or Transfers

During FY 2018, CBP had reprogrammings and transfers. As a component of DHS, CBP submits all reprogramming and transfer requests through the Department for approval, and the impact of these changes is assessed by the Department. In FY 2018, the Department determined one reprogramming request materially impacted CBP's drug-related obligations reported in the Table of FY 2018 Drug Control Obligations. This technical reprogramming in the amount of \$5.9M, entitled, "Laboratories and Scientific Services (LSSD) – Opioid Funding," moved funding from the Trade and Travel to the Integrated Operations PPA in order to execute funding in accordance with Congressional intent. There was no mission or policy impact as a result of this reprogramming.

5. Other Disclosures

There are no other disclosures that CBP has determined are necessary to clarify any issues regarding the data reported under ONDCP Circular: *Accounting of Drug Control Funding and Performance Summary*, dated May 8, 2018.

B. Assertions

1. Obligations by Budget Decision Unit

Not Applicable - As a multi-mission agency, CBP is exempt from reporting under this section as noted in the ONDCP Circular: *Accounting of Drug Control Funding and Performance Summary*, Section 6(b)(1), dated May 8, 2018.

2. Drug Methodology

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

a. Data

The estimate of drug enforcement related obligations is based on the methodology described in section A.1 above. This drug methodology, and the systems used to support this methodology, such as TOMIS, CMIS, and the AMOC Integrated Information Database, present a fair and accurate picture of the CBP drug enforcement mission.

b. Financial Systems Security

CBP's financial system, SAP, yields data that fairly presents, in all material respects, aggregate obligations from which drug-related obligation estimates are derived.

As stated in the IT general and application control weaknesses noted in section A.3, CBP's financial systems issues related to SAP are based on access controls and CBP has compensating controls to ensure CBP is capable of providing data that fairly represent, 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.

3. Application of Drug Methodology

The methodology described in section A.1 above was used to generate the Table of FY 2018 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. ONDCP approved all reprogrammings or transfers in excess of \$1 million in FY 2018.

5. Fund Control Notices

The Director of National Drug Control Policy did not issue a Fund Control Notice for CBP for FY 2018.



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Department of Homeland Security

Appendix A

Report Distribution

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