Review of U.S. Customs and Border Protection's Fiscal Year 2021 Detailed Accounting Report for Drug Control Funds
MEMORANDUM FOR: The Honorable Chris Magnus
Commissioner
U.S. Customs and Border Protection

FROM: Joseph V. Cuffari, Ph.D.
Inspector General

SUBJECT: Review of U.S. Customs and Border Protection’s Fiscal Year 2021 Detailed Accounting Report for Drug Control Funds


We contracted with the independent public accounting firm Williams, Adley & Company – DC, LLP (Williams Adley) to review CBP’s Detailed Accounting Report. Williams Adley is responsible for the attached Independent Accountant’s Report, dated January 19, 2022, and the conclusions expressed in it. Williams Adley’s report contains no recommendations.

Consistent with our responsibility under the *Inspector General Act of 1978, as amended*, 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 Bruce Miller, Deputy Inspector General for Audits, or Maureen Duddy, Assistant Inspector General for Audits, at (202) 981-6000.

Attachment

cc: Chief Accountability Officer, CBP

January 25, 2022
January 25, 2022

Why We Did This Review

The Office of National Drug Control Policy (ONDCP) Circular, National Drug Control Program Agency Compliance Reviews, requires National Drug Control Program agencies to submit to the ONDCP Director by February 1 each year a detailed accounting of all funds expended for National Drug Control Program activities during the previous fiscal year.

At least every 3 years, the Office of Inspector General is required to review 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


CBP management was unable to provide supporting documentation for the methodology used in determining the drug control obligation percentages for each CBP program office. These percentages are applied to total actual obligations to estimate the obligations related to its drug control activities. The estimated drug control activity obligations are further broken down between interdiction and intelligence in the Table. Further, CBP management was unable to provide supporting documentation for the methodology used in estimating the percentages of drug control activity obligations allocated between interdiction and intelligence. As a result, Williams Adley was unable to assess the reasonableness and accuracy of the methodologies used and Drug Methodology assertion.

Except as noted above, nothing came to Williams Adley’s attention that caused it to believe that the FY 2021 Detailed Accounting Report and related assertions are not presented in conformity with the criteria in the ONDCP Circular.
Independent Accountant’s Report

Inspector General
United States Department of Homeland Security

We have reviewed the accompanying Detailed Accounting Report (DAR) of the U.S. Department of Homeland Security’s (DHS) U. S. Customs and Border Protection (CBP) for the year ended September 30, 2021. CBP management is responsible for the preparation of the DAR in conformity with the requirements of the Office of National Drug Control Policy Circular: National Drug Control Program Agency Compliance Reviews, dated September 9, 2021 (the Circular). Our responsibility is to express a conclusion about management’s assertions based on our review.

Our review was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to the DAR or related 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 DAR and related 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.

The Circular requires CBP to utilize a drug control methodology for presenting its National Drug Control Budget by drug control functions. The Circular also states that the methodology must provide a reasonable basis for consistent estimation. We noted that the Office of Intelligence, a CBP program office, expends funding for drug control activities but was omitted from CBP’s Table of Fiscal Year (FY) 2021 Drug Control Obligations (the Table) presented in the DAR. We also noted that CBP management was unable to provide supporting documentation for the methodology used in determining the drug control obligation percentages for each CBP program office. These percentages are applied to total actual obligations to estimate the obligations related to its drug control activities. The estimated drug control activity obligations are further broken down between interdiction and intelligence in the Table. However, CBP management was unable to provide supporting documentation for the methodology used in estimating the percentages of drug control activity obligations allocated between interdiction and intelligence. These percentages are used to derive the dollar-value of obligations reported as Total Resources by Budget Drug Control Unit and Drug Control Function in the Table. As a result, we were not able to assess the reasonableness and accuracy of the methodologies used and Drug Methodology assertion.
Based on our review, except for the effects of the matters described above, we are not aware of any material modifications that should be made to the DAR or related assertions for the year ended September 30, 2021, in order for them to be in conformity with the requirements set forth in the Circular.

This report is intended solely for the information and use of DHS Office of Inspector General, 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.

Washington, D.C.
January 19, 2022
January 19, 2022

Regina M. LaBelle  
Acting Director  
Office of National Drug Control Policy  
750 17th Street, NW  
Washington, DC 20503  

Dear Ms. LaBelle:

Enclosed is the CBP FY 2021 Detailed Accounting Report (DAR) on National Drug Control Funding. In FY 2021, CBP reported direct obligations of approximately $3,084.7 million.

If you have any questions or would like additional information, please contact me at (202) 325-4054.

Sincerely,

Jeffrey Caine  
Chief Financial Officer  
U.S. Customs and Border Protection  
Department of Homeland Security
# Detailed Accounting Report of Fiscal Year 2021 Drug Control Funds

## DETAILED ACCOUNTING REPORT

### A. Table of Fiscal Year (FY) 2021 Drug Control Obligations

<table>
<thead>
<tr>
<th>Drug Resources by Budget Decision Unit</th>
<th>FY 2021 Final ($ In Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations and Support (O&amp;S)</td>
<td>$3,005.848</td>
</tr>
<tr>
<td>Procurement, Construction, and Improvements (PC&amp;I)</td>
<td>$78.859</td>
</tr>
<tr>
<td><strong>Total Resources by Drug Control Unit</strong></td>
<td><strong>$3,084.707</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Drug Resources by Drug Control Function</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intelligence</strong></td>
</tr>
<tr>
<td>United States Border Patrol</td>
</tr>
<tr>
<td>Office of Field Operations</td>
</tr>
<tr>
<td>Office of Information and Technology</td>
</tr>
<tr>
<td>Office of Training and Development</td>
</tr>
<tr>
<td>Air and Marine Operations</td>
</tr>
<tr>
<td><strong>Intelligence - Total</strong></td>
</tr>
</tbody>
</table>

| **Interdiction**                        |
| United States Border Patrol             | $638.443                      |
| Office of Field Operations              | $1,232.410                    |
| Office of Information and Technology    | $8.620                        |
| Office of Training and Development      | $57.935                       |
| Air and Marine Operations               | $640.129                      |
| **Interdiction - Total**                | **$2,577.537**                |

| Total Resources by Drug Control Function | $3,084.707                  |
| Total Obligations                       | $3,084.707                  |

### High Intensity Drug Trafficking Area (HIDTA)

Note: Drug resources broken down by unit and function as reflected in the budget structure enacted in the FY 2019 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: the United States 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: National Drug Control Program Agency Compliance Reviews, dated September 9, 2021, 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 2021. 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 19,513 Border Patrol agents, as of October 10, 2021, 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. It has been determined that 15 percent of USBP’s 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 checkpoints 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 Border Security Assets and Infrastructure PPA within CBP’s Procurement, Construction, and Improvements (PC&I) appropriation.

Of the 15 percent of 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 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.

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 the CBP program office, 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 BSubmit 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 CBPS 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 2021 BSFIT carryover funds were captured using the standard calculation of 15 percent of BSFIT obligations.
This data comes from a historical study performed by USBP, which provides reliable source data for the drug methodology described above.

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 2021. 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 25,662 CBPOs in FY 2021, 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 inspect sea containers thoroughly and quickly, 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.

The Administration has 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 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 POE along the Southwest Border.
CBP also uses three types of canine teams: narcotics/human, drug, and currency. CBP has 488 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.

CBP’s NTC addresses illicit narcotics smuggling on a global scale through an aggressive targeting and analysis program, identifying narcotics smuggling schemes in all modes of transportation. NTC has the lead role of identifying global trends and patterns in the narcotics trade and responding to these threats from a national platform. NTC creates system rules and coordinates with CBP POEs, other government agencies, and partnering nations to intercept suspect shipments, directly engaging new and active investigations.

As CBP's focal point for counterterrorism strategy and policy, Counter Network Division (CND) supports frontline officers and agents and is the conduit to senior leadership and the intelligence community for field-generated counterterrorism information. CTD ensures the frontline receives the tools and training to perform the counterterrorism mission and facilitates quick and accurate dissemination of relevant classified and unclassified intelligence between headquarters and operators in the field. 100 percent of the CND budget is estimated to be devoted to counter narcotics intelligence.

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 24.01% for interdiction and 0.33% for intelligence for FY 2020. These percentages vary during the year of execution depending upon actual course delivery obligation rates.

AIR and MARINE OPERATIONS

AMO is a critical component of CBP’s border security mission and the DHS risk-based and multi-layered approach to homeland security. AMO applies advanced capabilities and employs unique skill sets to protect the Nation’s borders and preserve America’s security interests.

AMO is the lead operational component within CBP responsible for air and maritime border security. AMO’s mission areas include air, maritime, and land law enforcement; domain awareness; extended border and foreign operations; and contingency and national security operations. In this capacity, AMO targets the conveyances that illegally transport narcotics, arms, and aliens across our borders and in the Source, Transit, and Arrival Zones. In FY 2021, AMO P-3 aircraft flew 6,033 hours in drug control efforts, which represent 82 percent of all AMO P-3 hours. These hours were 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 191,844 pounds of cocaine in the Source and Transit zones. This equates to 31.8 pounds of cocaine for every counternarcotic hour flown.

AMO partners with USBP on land border security to provide close tactical ground support. Through operations such as wide-area surveillance, investigations, patrols and tactical response in diverse environments, AMO is effectively able to perform counter-narcotics, prevention of imported and exported illegal merchandise or contraband, and other anti-smuggling/trafficking missions.

AMO also operates the Air and Marine Operations Center (AMOC). The AMOC is a key element in CBP’s counter-network strategy, responsible for assessing and countering terrorism, transnational organized crime, and other illegal activities. The AMOC advises, guides, and directs the operational employment of sensor technologies for DHS and CBP, managing the air and maritime domain awareness architecture. It integrates multiple sensor technologies, intelligence, law enforcement databases, open-source information, and an extensive communications network. It monitors the airspace of major security events, and houses and collaborates with the Office of Intelligence via its Processing, Exploitation, and Dissemination cell that collects and analyzes multi-domain intelligence from a variety of sources, including CBP and USCG aircraft.

Using flight hours spent performing drug-related activities, AMO has determined that 82 percent of the budget resources that support AMO are considered drug-related. Of the total flight hours flown by AMO, 19 percent were related to intelligence and 81 percent were related to interdiction in FY 2021.

The source data for the financial information/flight hour information is retrieved from Air and Marine's official system of record, TOMIS. TOMIS has undergone a verification and validation by DHS and has been referenced in several GAO and OIG reviews, which provides reliable source data for the drug methodology described above.
2. **Methodology Modifications**

The drug control methodology for obligations used in FY 2021 remained the same as the methodology used in FY 2020 for the reported program offices.

3. **Material Weaknesses or Other Findings**

In FY 2021, CBP contributed to the Departmental material weaknesses in Information Technology Controls 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 2020 Drug Control Obligations. Also, during FY 2021, CBP joined other DHS components in making significant improvements in remediating areas of material weaknesses and worked to resolve financial reporting deficiencies through targeted remediation.

The IT Controls and Information Systems area of material weaknesses continues to affect the Department's ability to fully comply with financial management system requirements. 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 continues to undergo system improvement and modernization efforts, along with the department. The outcome of these efforts will efficiently enable the Department to comply with government-wide requirements and thus reduce the need for manual compensating controls.

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 that individually or in aggregate exceed $5 million or 10 percent of a specific program or account included in the National Drug Control Budget in FY 2021.

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: *National Drug Control Program Agency Compliance Reviews, dated September 9, 2021*.

B. **Assertions**

1. **Obligations by Budget Decision Unit**

The obligations reported are consistent with the application of the approved methodology, as required by ONDCP Circular: Budget Formulation, Section 7, for calculating drug control funding against the bureau’s accounting system of record for these Budget Decision Units.

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 control and CBP has compensating controls to ensure CBP can provide 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 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 2021 Drug Control Obligations.

4. Material Weaknesses

All material weaknesses or other findings by independent sources, or other known weaknesses, including those identified in CBP’s Annual Statement of Assurance, which may affect the presentation of prior year drug-related obligations as required by Section 7.a.(4) have been disclosed.

5. Methodology Modifications

No modifications were made to CBP’s methodology for reporting drug control resources from the previous year’s reporting.

6. 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 ONDCP’s approval of all reprogramming or transfers affecting drug-related resources that individually or in aggregate for the fiscal year exceed $5 million or 10 percent of a specific program or account included in the National Drug Control Budget (21 U.S.C.§ 1703(c)(4)(A)).

7. Fund Control Notices

The Director of National Drug Control Policy did not issue a Fund Control Notice for CBP for FY 2021.
Appendix A
Report Distribution

**Department of Homeland Security**

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