



Department of Homeland Security Office of Inspector General

Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2008 Drug Control Performance Summary Report





Homeland
Security

January 30, 2009

Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report presents the results of the review of the Performance Summary Report of the U.S. Immigration and Customs Enforcement for the fiscal year ended September 30, 2008, for the Office of National Drug Control Policy. We contracted with the independent public accounting firm KPMG LLP to perform the review. U.S. Immigration and Customs Enforcement's management prepared the Performance Summary Report and Management Assertions to comply with the requirements of the Office of National Drug Control Policy Circular, *Drug Control Accounting*, dated May 1, 2007. KPMG LLP is responsible for the attached independent accountants' report dated January 23, 2009, and the conclusions expressed in the report. We do not express an opinion on the Performance Summary Report and management's assertions.

It is our hope that the information in this report will continue to result in effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General



KPMG LLP
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Independent Accountants' Report

Inspector General
U.S. Department of Homeland Security

We have reviewed the accompanying Performance Summary Report of the U.S. Department of Homeland Security's (DHS) Immigration and Customs Enforcement (ICE) for the year ended September 30, 2008. We have also reviewed the accompanying management's assertions for the year ended September 30, 2008. ICE's management is responsible for the Performance Summary Report and the assertions.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable standards 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 and management's assertions. Accordingly, we do not express such an opinion.

Management of ICE prepared the Performance Summary Report and management's assertions to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007.

Based on our review, nothing came to our attention that caused us to believe that (1) the Performance Summary Report for the year ended September 30, 2008 is not presented, in all material respects, in conformity with ONDCP's Circular, *Drug Control Accounting* (May 1, 2007), or that (2) management's assertions referred to above are not fairly stated, in all material respects, based on the criteria set forth in ONDCP's Circular, *Drug Control Accounting* (May 1, 2007).

This report is intended solely for the information and use of the management of DHS and ICE, the 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 23, 2009

**PERFORMANCE SUMMARY REPORT
OFFICE OF INTELLIGENCE**

Measure 1: Number of counter-narcotics intelligence requests satisfied.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/a	Baseline	82	86

(1) Description

ICE Office of Intelligence (Intel) supports its customers by satisfying their intelligence requirements – providing products and services that inform customers and close existing “intelligence gaps.” Customer requirements are formally documented and captured within IRIS – the Intelligence Requirement Intake System. Customers elaborate their requirements in IRIS which are then analyzed and assigned to the appropriate units. Levied requirements are then either “satisfied” by Office of Intelligence, or not. In the latter case, an intelligence gap remains. Satisfaction of customer requirements represents the “outcome” of Intel’s production in that satisfying customer requirements closes the gap in their information needs and allows customers to make informed decisions about executing law enforcement actions.

(2) FY 2008 actual performance results

FY 2008 was the first full year that IRIS was employed, and a baseline production measure was established for counter narcotics requirements: of the 131 counter narcotics requirements levied, Intel satisfied 82.

(3) Performance Target for FY 2009

Given the “user-friendly” nature of IRIS, and the normalization of its use by ICE field agents within Office of Investigations and Office of International Affairs, Intel anticipates an increase in customer requirements levied. As there is no expected commensurate increase in resources (largely intelligence analysts), the rate of requirement satisfaction is expected to decline.

The performance target for FY 2009 is 86 requirements. Given projected factors (primarily staffing, and increase in counter narcotics requirements), the FY09 counter narcotics performance goal for Intel is 86 satisfied requirements– representing an increase in quantity of requirements satisfied based largely on increased efficiencies. Program performance will be monitored regularly based on information captured in IRIS.

(4) Quality of Performance Data

The database used to validate the Office of Intelligence performance data is the Intelligence Requirement Intake System (IRIS). The Office of Intelligence conducts quality control verification on IRIS data to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

PERFORMANCE SUMMARY REPORT OFFICE OF INVESTIGATIONS

Introduction:

ICE has broad authority to investigate international financial crime and money laundering. ICE's jurisdiction is triggered by the illegal movement of criminal funds, services, or merchandise across the nation's borders and is applied pursuant to the authority of the Bank Secrecy Act, the USA PATRIOT Act, and the Money Laundering Control Act.

The Office of Investigations (OI) was reviewed in PART as one program. Therefore, there are no separate findings for the Drug component of OI's mission. Furthermore, ICE is authorized to enforce Federal statutes and regulations concerning the movement of carriers, persons, and commodities between the United States and other nations, which enables ICE to play a key role in the overall anti-drug effort with a nexus to the border.

ICE participates in and actively supports the Organized Crime Drug Enforcement Task Forces (OCDETF). ICE OCDETF Coordinators sit on each of OCDETF's nine regional task forces and actively interact with other federal law enforcement agencies, local police chiefs, and state and local prosecutors. ICE dedicates resources to participate in highly complex OCDETF investigations targeting major drug smuggling organizations.

ICE Office of Investigations (OI) proposed several new performance measures and output measures for FY 2008 – FY 2013 (Measures 3-8). These new performance measures and outputs are strategic in scope. OI does not forecast law enforcement actions or consequences. OI only provides year end data on seizures, therefore, no targets will be set for Measures 3 – 8.

Several of the output measures were developed to measure the quality of drug seizures. These measures are based on the EPIC federal drug identification number (FDIN) limits. EPIC is a regional intelligence center that was established to collect and disseminate information and support interdiction efforts and investigations relating to drug trafficking, alien and weapon smuggling, counterterrorism, and other criminal activities in support of field enforcement entities throughout the country.

EPIC utilizes Title 21, USC, Sec. 812 which sets the schedules for controlled substances. Determinative factors of controlled substances are:

- (1) Its actual or relative potential for abuse.
- (2) Scientific evidence of its pharmacological effect, if known.
- (3) The state of current scientific knowledge regarding the drug or other substance.
- (4) Its history and current pattern of abuse.
- (5) The scope, duration, and significance of abuse.
- (6) What, if any, risk there is to the public health.
- (7) Its psychic or physiological dependence liability.
- (8) Whether the substance is an immediate precursor of a substance already controlled.

Measure 1: Percent of closed investigations which have an enforcement consequence (arrest, indictment, conviction, seizure, fine or penalty)

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	37.9%	36.4%	35.8%	36.6%	46.3%	47.0%

(1) Description

The outcome measure for OI as a whole is the percentage of closed investigations that have an enforcement consequence defined as arrest, indictment, conviction, seizure, or penalty. Additionally, OI has constructed performance measures that will tie drug control efforts to impacts on the systems by which drugs and drug money are moved and stored. However, ICE will continue to provide traditional measures such as drug seizures to support the outcomes developed by ONDCP.

This measure evaluates the percent of closed cases worked by the Office of Investigations in a selected fiscal year that produced an enforcement consequence (e.g., arrest, indictment, conviction, seizure, fine and/or penalty). Based on management review of our performance results, the decision has been made that any result within one percent of the target will be considered to have been met. One percent was chosen as the error rate on a reasonable standard versus a statistical basis for all program measures. Note that other government agencies employ a similar practice.

More effective immigration and trade enforcement will contribute to enhanced homeland security as well as to greater deterrence. One method for measuring this effectiveness is to determine the extent to which criminal investigations are completed successfully, i.e., closed with an enforcement consequence. However, although many criminal cases arise that are worth pursuing, the potential of an investigation is not known at its inception; therefore, it is to be expected that many cases will be closed each year without an enforcement consequence when it is determined that investigation is no longer viable. Successful investigations also expose and remove, or contribute to the elimination of, vulnerabilities in various aspects of trade and immigration, i.e., the ways in which criminals manage to evade safeguards established to prevent their illegal activity, and areas in which such safeguards are lax or do not exist.

(2) FY 2008 actual performance results

Final performance results for measure one in FY 2008 was 46.3%. This exceeded the performance target by 9.7%.

(3) Performance target for FY 2009

The performance target for FY 2009 is 47.0%. The target increase of 0.7% is based upon prior year's performance results.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 2: Percent of closed drug smuggling investigations which have an enforcement consequence (arrest, indictment, conviction, seizure, fine or penalty).

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	Baseline	74.7%	75.0%

(1) Description

OI has constructed new performance measures that will tie drug control efforts to impacts on the systems by which drugs and drug money are moved and stored. This measure evaluates the percent of closed drug smuggling cases worked by the Office of Investigations in a selected fiscal year that produced an enforcement consequence (e.g., arrest, indictment, conviction, seizure, fine and/or penalty). This measure is a subset of the closed investigations discussed in Measure one.

More effective immigration and trade enforcement will contribute to enhanced homeland security as well as to greater deterrence. One method for measuring this effectiveness is to determine the extent to which drug smuggling investigations are completed successfully, i.e., closed with an enforcement consequence. However, although many drug smuggling cases arise that are worth pursuing, the potential of an investigation is not known at its inception; therefore, it is to be expected that many cases will be closed each year without an enforcement consequence when it is determined that the investigation is no longer viable. Successful investigations also expose and remove, or contribute to the elimination of, vulnerabilities in various aspects of trade and immigration, i.e., the ways in which criminals manage to evade safeguards that prevent their illegal activity, and areas in which such safeguards are lax.

(2) FY 2008 actual performance results

In FY 2008, 74.7% of the drug smuggling cases closed in FY 2008 resulted in an enforcement consequence.

Established in FY 2007, this new measure was tracked by quarter in FY 2008. The FY 2008 Actual results was calculated by averaging the quarterly percentages for closed drug smuggling investigative cases which have an enforcement consequence (arrest, indictment, conviction, seizure, fine, or penalty). Thus, there are no actual results for prior fiscal years.

(3) Performance target for FY 2009

The performance target for FY 2009 is 75.0%. The target increase of 0.3% is based upon prior year's baseline performance results.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 3: Dollar value of real or other property seizures derived from/and/or used from drug operations.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	N/A	\$42.6M	N/A

(1) Description

This output measure directly evaluates the success of removing financial incentives for criminals and terrorists to operate. The scope of data demonstrates the ability, in a given timeframe, of removing criminal financial assets.

ICE has broad authority to investigate international financial crime and money laundering. ICE's jurisdiction is triggered by the illegal movement of criminal funds, services, or merchandise across the nation's borders and is applied pursuant to the authority of the Bank Secrecy Act, the USA PATRIOT Act, and the Money Laundering Control Act.

(2) FY 2008 actual performance results

The dollar value of real or other property seized from drug operations was \$42.6 million in FY 2008. Real property that is seized is assigned a value by a Fines Penalties and Forfeiture (FP&F) contractor, seized property specialist, or import specialist.

(3) The performance target for FY 2009

The Office of Investigations (OI) does not provide year to year targets for seizures. OI only provides year end data on seizures.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations

conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 4: Dollar value of seized currency and monetary instruments from drug operations.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	N/A	\$159.3 M	N/A

(1) Description

This output measure directly evaluates the success of removing financial incentives for criminals and terrorists to operate. The scope of data demonstrates the ability, in a given timeframe, of removing criminal financial assets.

In an effort to reduce losses to the public resulting from financial crimes, OI continues to target transnational money laundering activities and bulk currency smuggling (both drug related and non-drug related).

ICE has broad authority to investigate international financial crime and money laundering. ICE’s jurisdiction is triggered by the illegal movement of criminal funds, services, or merchandise across the nation’s borders and is applied pursuant to the authority of the Bank Secrecy Act, the USA PATRIOT Act, and the Money Laundering Control Act.

(2) FY 2008 actual performance results

The dollar value of seized currency and monetary instruments from drug operations was \$159.3 million in FY 2008.

(3) The performance target for FY 2009

The Office of Investigations (OI) does not provide year-to-year targets for seizures. OI only provides year end data on seizures.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 5: Percentage of total cocaine seizures considered high impact.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	N/A	54%	N/A

(1) Description

This output measure directly evaluates the quality of drug seizures. The scope of data demonstrates the ability, in a given timeframe, of impacting the supply of cocaine narcotics within the United States.

High impact is defined as the weight limit for a drug seizure that would constitute a federal drug identification number (FDIN) from the El Paso Intelligence Center (EPIC).

(2) FY 2008 actual performance results

In FY 2008, 54% of the Office of Investigations' cocaine seizures were considered to be high impact seizures.

The percentage of total cocaine seizures considered high impact is derived by dividing the number of cocaine seizures registered with EPIC by the total number of cocaine seizures.

(3) The performance target for FY 2009

The Office of Investigations (OI) does not provide year to year targets for seizures. OI only provides year end data on seizures.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 6: Percentage of heroin seizures considered high impact.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	N/A	72%	N/A

(1) Description

This output measure directly evaluates the quality of drug seizures. The scope of data demonstrates the ability, in a given timeframe, of impacting the supply of heroin narcotics within the United States.

High impact is defined as the weight limit for a drug seizure that would constitute a federal drug identification number (FDIN) from the El Paso Intelligence Center (EPIC).

(2) FY 2008 actual performance results

In FY 2008, 72% of heroin seizures were considered to be high impact seizures.

The percentage of total heroin seizures considered high impact is derived by dividing the number of heroin seizures registered with EPIC by the total number of heroin seizures.

(3) The performance target for FY 2009

The Office of Investigations (OI) does not provide year to year targets for seizures. OI only provides year end data on seizures.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 7: Percentage of marijuana seizures considered high impact.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	N/A	62%	N/A

(1) Description

This output measure directly evaluates the quality of drug seizures. The scope of data demonstrates the ability, in a given timeframe, of impacting the supply of marijuana narcotics within the United States.

High impact is defined as the weight limit for a drug seizure that would constitute a federal drug identification number (FDIN) from the El Paso Intelligence Center (EPIC).

(2) FY 2008 actual performance results

In FY 2008, 62% of marijuana seizures were considered to be high impact seizures.

The percentage of total marijuana seizures considered high impact is derived by dividing the number of marijuana seizures registered with EPIC by the total number of marijuana seizures.

(3) The performance target for FY 2009

The Office of Investigations (OI) does not provide year to year targets for seizures. OI only provides year end data on seizures.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 8: Percentage of methamphetamine seizures considered high impact.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	N/A	49%	N/A

(1) Description

This output measure directly evaluates the quality of drug seizures. The scope of data demonstrates the ability, in a given timeframe, of impacting the supply of methamphetamine narcotics within the United States.

High impact is defined as the weight limit for a drug seizure that would constitute a federal drug identification number (FDIN) from the El Paso Intelligence Center (EPIC).

(2) FY 2008 actual performance results

In FY 2008, 49% of methamphetamine seizures were considered to be high impact seizures.

The percentage of total methamphetamine seizures considered high impact is derived by dividing the number of methamphetamine seizures registered with EPIC by the total number of methamphetamine seizures.

(3) The performance target for FY 2009

The Office of Investigations (OI) does not provide year to year targets for seizures. OI only provides year end data on seizures.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

**PERFORMANCE SUMMARY REPORT
OFFICE OF INTERNATIONAL AFFAIRS**

Measure 1: Percentage of overseas investigative hours spent on drug related cases.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	Develop Metrics	4.4%	4.4%

(1) Description

The mission of ICE OIA is to protect the United States by enhancing its security through international investigations involving transnational criminal organizations responsible for the illegal movement of people, goods, and technology, and through strong and integral intelligence and removal programs. ICE OIA supports U.S. drug control policy, specifically ONDCP initiatives, by supporting the overall ICE mandate to detect, disrupt, and dismantle smuggling organizations. OIA investigative resources are directed at organizations smuggling contraband (including narcotics) into the United States. OIA partners with domestic ICE components and with U.S. law enforcement agencies overseas, to leverage overseas sources to counter global narcotics threats to the U.S. including utilizing investigative and intelligence techniques to support domestic cases and interagency cross-border initiatives.

(2) FY 2008 actual performance results

In FY 2008, 4.4% of overseas investigative hours were spent on drug related cases.

The percentage of overseas investigative hours spent on drug related cases is derived by converting the drug related case hours into full time equivalents (FTE) and dividing by the number of overseas agents.

(3) The performance target for FY 2009

The performance target for FY 2009 is 4.4%. The 4.4% target is based upon prior year's baseline performance result. In establishing this measure, OIA plans to have sufficient resources to support the same level of effort on drug related investigations.

(4) Quality of Performance Data

The database used to validate the Office of International Affairs (OIA) performance data is the Treasury Enforcement Communication System (TECS). The TECS system is relied upon to ensure the performance data is accurate, complete, and unbiased in presentation and substance. The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

ICE MANAGEMENT ASSERTION REPORT

MANAGEMENT ASSERTIONS

- 1. Performance reporting system is appropriate and applied.**
ICE has systems to capture performance information accurately and those systems were properly applied to generate the performance data.
- 2. Explanations for not meeting performance targets are reasonable.**
In FY 2008, ICE met all its established performance targets.
- 3. Methodology to establish performance targets is reasonable and applied.**
The methodology described above to establish performance targets for FY 2009 is reasonable given past performance and available resources.
- 4. Adequate performance measures exist for all significant drug control activities.** ICE has established more than one acceptable performance measure for its Drug Control Decision Unit—Salaries and Expense.

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