



# Department of Homeland Security Office of Inspector General

## Independent Review of the U.S. Customs and Border Protection's Reporting of FY 2010 Drug Control Performance Summary Report





**Homeland  
Security**

JAN 26 2011

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. Customs and Border Protection (CBP) for the fiscal year ending September 30, 2010, for the Office of National Drug Control Policy (ONDCP). We contracted with the independent public accounting firm KPMG LLP to perform the review. The CBP prepared the Performance Summary Report and management assertions to comply with requirements of ONDCP Circular, *Drug Control Accounting*, dated May 1, 2007. Based on the review, nothing came to KPMG's attention that caused them to believe that the Performance Summary Report for the year ended September 30, 2010, is not presented, in all material respects, in conformity with ONDCP's Circular, or that management's assertions are not fairly stated, in all material respects, based on the criteria set forth in ONDCP's Circular. However, in the accompanying management's assertions for the year ended September 30, 2010, management was unable to assert that CBP has established at least one acceptable performance measure for each Drug Control Decision Unit identified in reports as required by section 6(a)(1)(A) of the ONDCP Circular. KPMG LLP is responsible for the attached independent accountants' report dated January 20, 2011, and the conclusions expressed in it. We do not express an opinion on the Performance Summary Report and management's assertions.

We trust this report will result in more 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 blue ink that reads "Anne L. Richards".

Anne L. Richards  
Assistant Inspector General for Audits



KPMG LLP  
2001 M Street, NW  
Washington, DC 20036-3389

## 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) Customs and Border Protection (CBP) for the year ended September 30, 2010. We have also reviewed the accompanying management's assertions for the year ended September 30, 2010. CBP'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 CBP 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 (Circular).

In the accompanying management's assertions for the year ended September 30, 2010, management was unable to assert that CBP has established at least one acceptable performance measure for each Drug Control Decision Unit identified in reports required by section 6(a)(1)(A) of the ONDCP Circular for which a significant amount of obligations were incurred in the previous fiscal year, as required by the ONDCP Circular.

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, 2010, 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 CBP, the DHS Inspector General, the ONDCP, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

January 20, 2011

JAN 20 2011



**U.S. Customs and  
Border Protection**

MEMORANDUM FOR: Richard L. Skinner  
Inspector General  
Department of Homeland Security

FROM: Deborah J. Schilling  
Chief Financial Officer  
U.S. Customs and Border Protection

SUBJECT: Management's Assertions for U.S. Customs and Border  
Protection's Drug Seizure Data

In compliance with the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, U.S. Customs and Border Protection (CBP) submits its Performance Summary Report to ONDCP. The report contains the results of CBP's fiscal year (FY) 2010 performance in support of the *National Drug Control Strategy*.

The FY 2010 CBP total drug seizure numbers for cocaine, heroin, and marijuana are contained in enclosure 1 of the Performance Summary Report. This data is provided to ONDCP for its information, in order to have a comprehensive understanding of the total drug seizure data for CBP.

CBP makes the following assertions:

- (1) The performance reporting system is appropriate and applied—CBP has a system to capture performance information accurately and the system was properly applied to generate the performance data.

The source of the data for Performance Measure 1 – Land Border Passengers compliant with laws, rules, and regulations (%) – is the The Enforcement Communication System.

- (2) The performance target was met for the above performance measure in FY 2010, thus no explanation is required for not meeting the performance target.
- (3) Methodology to establish performance targets is reasonable and applied.
- (4) CBP cannot make the following assertion at this time:

There is a requirement for one performance measure per Drug Control Decision Unit per the ONDCP Circular: *Drug Control Accounting*, dated May 1, 2007. CBP has one performance measure for Salaries and Expenses, but does not have a performance measure for Air and Marine Operations. CBP is currently working with the Department of Homeland Security Office of Counter Narcotics Enforcement and ONDCP to identify and develop new drug-related outcome based measures with

targets that are based on sound methodology. CBP is also continuing to work internally to identify additional counterdrug performance measures that would both meet the targeting requirements set forth in the ONDCP Circular: *Drug Control Accounting*, dated May 1, 2007, as well as adequately reflects CBP's drug control activities.

To address any questions you have regarding this submission, please contact me at (202) 344-2300, or a member of your staff may contact Mr. James McNally, CBP Performance Improvement Officer (PIO), at (202) 344-1651.

A handwritten signature in blue ink that reads "Deborah J. Schilling". The signature is written in a cursive style with a large initial 'D'.

Deborah J. Schilling

Attachment

**Department of Homeland Security  
U.S. Customs and Border Protection  
Performance Summary Report  
FY 2010**

The performance measure presented below directly links to the 2010 *National Drug Control Strategy* by evaluating U.S. Customs and Border Protection (CBP) success in disrupting domestic drug trafficking. The FY 2010 CBP total drug seizure numbers for cocaine, heroin and marijuana are attached as Enclosure 1. This data is provided to the Office of National Drug Control Policy (ONDCP) for its information.

**Measure 1 – Office of Field Operations - Land border passengers compliant with laws, rules, and regulations (%).**

**(1) Performance Measures** – This measure assists in evaluating the success that CBP has in disrupting domestic drug trafficking at the land border ports of entry, a key outcome for the 2010 National Drug Control Strategy. Since this measure is based upon CBP's Compliance Examination (COMPEX) program, it in part reflects passenger major violations (Category 1) that result in arrest and seizure. Narcotics violations comprise the majority of violations in this category. Based upon this correlation, this measure provides an indicator of the success that CBP has in disrupting domestic drug trafficking at the land borders.

The CBP Office of Field Operations (OFO) inspected over 200 million arriving passengers in FY 2010 at the land border ports of entry. These inspections included thorough entry document reviews, identity checks against law enforcement databases, radiation portal monitor screening of all vehicles, random and targeted checks of vehicles using roving canine teams, and selective targeting of passengers and their vehicles for a secondary examination. Secondary examinations are thorough physical examinations that can include canine team inspection, physical inspection of persons, packages, luggage, and vehicles (including enclosed and hidden compartments); and the use of Non-intrusive Inspection technology on vehicles and packages. The majority of secondary examinations are conducted to search for smuggled contraband, a substantial portion of which is comprised of narcotics.

This measure is calculated from data collected by the OFO COMPEX program, an extensive, statistically valid random sampling of arrivals conducted at the major land border ports of entry, which enables CBP to determine how compliant arriving passengers are with the U.S. laws, rules, and regulations enforced at the ports of entry. Although the overall percentage of non-compliant passengers is very low, this nonetheless represents a substantial number of travelers since the total volume of persons arriving into the U.S. annually is so large.

## **(2) Prior Years Performance Targets and Results (Five Year History)**

<b>Fiscal Year:</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Target:</b>	99.9%	99.9%	99.9%	99.9%	99.6%
<b>Actual:</b>	99.9%	99.9%	99.9%	99.8%	99.6%

The target for this measure was set several years ago, prior to implementation of the improvements to and expansion of the COMPEX process in FY 2009 and the roll-out of the Western Hemisphere Travel Initiative (WHTI), which was implemented at most land border ports of entry over the period 2009 through early 2010. These improvements have resulted in an increase in the total number of violations found during primary examination and included in the sample. The slightly reduced target in FY 2010 represented an aggressive but achievable rate given these changes.

## **(3) Current Year Performance Targets**

<b>Fiscal Year:</b>	<b>FY 2011</b>
<b>Target:</b>	99.6%

The roll-out of WHTI to the smaller ports of entry was largely completed in calendar year 2010. The improvements resulting from the implementation of WHTI reflect changes in inspection technology and procedures that are permanent and will have a continuing effect on operations. The FY 2011 target is expected to remain an aggressive rate for CBP to achieve going forward.

The 99.6% performance target for FY 2011 was derived from a review of five years of related historical data and calculation of the forecasted trend over this time period. The impact of the WHTI technology and processing improvements was assessed by comparing results for FY 2010 to prior years. Making similar adjustments to the forecasted FY 2011 trend data provided an estimate of the FY 2011 achievable rates. The target for FY 2011 was selected to meet the requirements of Office of Management and Budget guidelines for developing *Government Performance and Results Act of 1993* measures that require targets to be aggressive but achievable.

## **(4) Quality of Performance Data**

The data underlying this measure is accurate, complete and unbiased. CBP Officers working at the 25 largest land ports of entry gather statistically random data on the proportion of land vehicle passengers in compliance with Customs regulations. Passengers are selected in a random sample that totals 300,000 passengers annually (1,000 passengers per month at each of the 25 land border ports). This sample size was selected to obtain an overall 95% probability of finding a serious Category 1 violation. Data is entered into the The Enforcement Communication System by each Officer at the time of occurrence of the violation. Compliance rate data is extracted at Headquarters CBP, where the rate is calculated by applying a statistically valid formula (including confidence intervals on the results) to determine the rate of compliance. Verification that

the data is complete, valid, and unbiased is conducted by making extractions from CBP's Operations Management Report, the Automated Targeting System, and The Enforcement Communications System. The extracted data are reviewed against hard copy records to verify accuracy and identify anomalies.

## Enclosure 1 to Performance Summary Report

### Overall Drug Seizure Data for U.S. Customs and Border Protection FY 2010

CBP plays a key role in the overall anti-drug effort at the border, due primarily to its statutory authority to regulate the movement of people and commodities between the U.S. and other nations. Drug interdiction is a priority undertaking encapsulated by CBP's overall mission to secure the nation's borders and prevent unlawful entry of dangerous people and goods while facilitating the legitimate flow of travel and trade. CBP's border and border nexus drug interdiction activities contribute to the *National Drug Control Strategy* by disrupting the flow of drugs into the United States. These seizure statistics focus on the amounts of cocaine, marijuana, and heroin seized at and between the ports of entry by Border Patrol agents, Air and Marine Interdiction agents, and CBP officers from passengers, vehicles, commercial and private aircraft, vessels, trucks, cargo, and railcars entering the United States.

BorderStat is now CBP's official statistical reporting system on all enforcement and operational statistical data across CBP's operational components. The Office of Intelligence and Operational Coordination manages the Borderstat system. Borderstat receives data from CBP systems of record at regularly scheduled intervals and through an Extract-Transform-Load (ETL) process residing in the Borderstat system. This process facilitates the integration of the various statistical databases. Borderstat is a read only system. It is not a transactional system and there is no direct data entry available. Borderstat has been fully implemented and is updated periodically. The BorderStat system has accurate data for all operational offices for FY 2010. When examining historical data prior to FY 2008, there will be some variances from the statistics originally cited due to the fact that the data resides in a live Information Technology system and will fluctuate as they are updated. To maintain consistency in reporting, the historical numbers represent seizures that were reported in the past.

#### Inspection Narcotics Seizures – Cocaine, in pounds

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
CBP Air and Marine	101,993	188,561	129,043	63,521	183,135
Office of Border Patrol	12,885	14,242	9,268	10,907	10,459
Office of Field Operations	53,755	78,568	40,459	61,521	60,791
<b>CBP TOTAL</b>	<b>168,633</b>	<b>281,371</b>	<b>178,770</b>	<b>135,949</b>	<b>254,385</b>

The data as of October 15, 2010 reflects CBP seized a total of 254,385 pounds of cocaine for FY 2010, which is an 87% increase from FY 2009.

### Inspection Narcotics Seizures – Marijuana, in pounds

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
CBP Air and Marine	110,781	308,792	245,699	1,052,771	648,151
Office of Border Patrol	1,369,602	1,859,299	1,647,166	2,591,215	2,431,214
Office of Field Operations	489,434	618,046	579,066	686,341	542,854
<b>CBP TOTAL</b>	<b>1,969,817</b>	<b>2,786,137</b>	<b>2,471,931</b>	<b>4,330,327</b>	<b>3,622,219</b>

The data as of October 15, 2010 reflects CBP seized a total of 3,622,219 pounds of marijuana for FY 2010, which is a 16% decrease from FY 2009.

### Inspection Narcotics Seizures – Heroin in pounds

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
CBP Air and Marine	143	10	256	1	128
Office of Border Patrol	172	117	46	191	291
Office of Field Operations	2,452	2,040	1,876	1,819	3,757
<b>CBP TOTAL</b>	<b>2,767</b>	<b>2,167</b>	<b>2,178</b>	<b>2,011</b>	<b>4,176</b>

The data as of October 15, 2010 reflects CBP seized a total of 4,176 pounds of heroin, for FY 2010, which is a 108% increase from FY 2009.

The reasons for increased cocaine and heroin seizures in FY 2010 compared to FY 2009 are due to many contributing factors that include: (1) Increased seizure incidents by drug type and average seizure narcotic weight per incident; (2) A number of associated CBP enforcement and narcotics smuggling metrics can account for the increase in seizure numbers; (3) Improved detection and enforcement application by CBP Operational Offices; and (4) A greater willingness by Drug Trafficking Organizations to attempt to smuggle riskier and larger narcotics.

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