



Department of Homeland Security Office of Inspector General

Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2010 Drug Control Performance Summary Report



Office of Inspector General

U.S. Department of Homeland Security
Washington, DC 20528



**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. Immigration and Customs Enforcement (ICE) for the fiscal year ended 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. ICE prepared the Performance Summary Report and Management Assertions to comply with requirements of the 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 the ONDCP's Circular, or that management's assertions are not fairly stated, in all material respects, based on the criteria set forth in the ONDCP's 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) Immigration and Customs Enforcement (ICE) for the year ended September 30, 2010. We have also reviewed the accompanying management's assertions for the year ended September 30, 2010. 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, 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 management of DHS and ICE, 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

Office of Chief Financial Officer

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



U.S. Immigration
and Customs
Enforcement

Mr. John Shiffer
Department of Homeland Security
Director of Financial Management
Office of the Inspector General
1120 Vermont Avenue NW, 10th Floor
Washington, D.C. 20005

Dear Mr. Shiffer

In accordance with the Office of National Drug Control Policy circular, *Drug Control Accounting*, dated May 1, 2007, enclosed is Immigration and Customs Enforcement's report of FY 2010 counter-narcotics performance measures and targets.

If you require further assistance on this information, please contact Joseph Grosodonia at (202)732-6244

Sincerely,

A handwritten signature in blue ink, appearing to read "Bill McGraw".

Bill McGraw (Branch Chief) for
Lisa Macecevic
Immigration and Customs Enforcement
Director, Office of Budget and Program Performance

PERFORMANCE SUMMARY REPORT OFFICE OF INTERNATIONAL AFFAIRS

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

FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2010 Actual	FY 2011 Target
NA	NA	4.4%	3.8%	4.0%	4.9%	4.5%

(1) Description

The mission of Immigration and Customs Enforcement (ICE), Office of International Affairs (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 Office of National Drug Control Policy (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 resources mitigating global narcotics threats to the U.S. This includes utilizing investigative and intelligence techniques to support domestic cases and interagency cross-border initiatives. The measure was not established until FY 2008, thus there are no data for FY 2006 and FY 2007.

(2) FY 2010 actual performance results

In FY 2010, 4.9% of overseas investigative case hours were spent on drug related cases, exceeding the target of 4.0%. The percentage of overseas investigative hours spent on drug related cases is derived by dividing the drug related case hours by the total investigative case hours of overseas agents.

(3) The performance target for FY 2011

The performance target for FY 2011 is 4.5%. The 4.5% target is based upon prior year performance result, and current funding levels. 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 obtain the OIA performance data is the Treasury Enforcement Communications 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.

PERFORMANCE SUMMARY REPORT OFFICE OF INTELLIGENCE

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

FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2010 Actual	FY 2011 Target
NA	NA	82	1,969	1,200	338	796

(1) Description

The 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 the Intelligence Information Management System (IIMS). IIMS was implemented in FY 2010 to replace the Intelligence Requirement Intake System (IRIS). Customers elaborate their requirements in IIMS which are then analyzed and assigned to the appropriate analytic components. Levied requirements are then either “satisfied” by Intel, 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. The measure was not established until FY 2008, thus there are no data for FY 2006 and FY 2007.

(2) FY 2010 actual performance results

In FY 2010, Intel accounted for 338 satisfied requests of 2,105 requests for intelligence products regarding narcotics, as reported in IIMS. The FY 2010 target of 1,200 satisfied requests was not met due to difficulty encountered in the deployment of the new system and migration of data maintained in IRIS. As ICE was unable to migrate all of the data contained in IRIS into IIMS, the satisfied requests prior to system conversion are unable to be accounted for. IIMS tracks statistics on satisfied versus unsatisfied Requests for Information (RFIs).

(3) Performance Target for FY 2011

In FY 2011, ICE’s target is 796 satisfied counter-narcotics intelligence requests, based on a three year average of actual prior year performance.

(4) Quality of Performance Data

The database used to validate Intel’s performance data is IIMS. Intel conducts quality control verification on IIMS data to ensure the performance data is accurate, complete, and unbiased in presentation and substance. The IIMS was deployed in FY 2010, and data existing in IRIS was migrated. A portion of the performance data relevant to total FY 2010 RFIs was not available after the data migration was completed. Notwithstanding the data migration problem, IIMS will improve tracking and accuracy of future reports supporting this performance measure.

PERFORMANCE SUMMARY REPORT OFFICE OF INVESTIGATIONS

I. PROGRAM SUMMARY

Investigative Operations

- 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 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.
- Money Laundering - ICE financial investigations target the systems used by international criminal organizations to launder the proceeds of their criminal activities. ICE has implemented an aggressive strategy to combat money laundering by: combining interdiction efforts with our international law enforcement counterparts, interagency coordination efforts, undercover investigations, and regulatory interventions that target those systems.
- Through its Cornerstone program, ICE builds partnerships between law enforcement and the private sector to identify and eliminate systems vulnerabilities that criminal organizations exploit to fund their illegal operations and launder illicit funds. ICE shares intelligence and typologies with financial and trade industries that manage the very systems that terrorists and drug trafficking organizations seek to exploit. In return, ICE receives information, "red flags," tips, and insights to more effectively investigate these complex and sophisticated criminal schemes.
- ICE has established Trade Transparency Units (TTU) with countries of concern for drug trafficking and related money laundering. The TTUs analyze trade data of the U.S. and cooperating foreign governments to identify anomalies that may be indicative of trade-based money laundering, such as the Black Market Peso Exchange.
- ICE conducts specialized investigative training, focusing on bulk cash smuggling (BCS), for state and local police officers and assistant U.S. attorneys. In addition, ICE conducts comprehensive financial investigations training for foreign law enforcement officers. ICE's investigations and aggressive enforcement activity against BCS stem the flow of funds that fuel drug trafficking and criminal activities worldwide.
- ICE is a primary participant in the 15 Integrated Border Enforcement Teams (IBETs) that are located across the Northern Border. IBETs are multi-agency international task forces designed to enhance border integrity and security at our shared border with Canada by identifying, investigating, and interdicting persons and organizations that pose a threat to national security or are engaged in other organized criminal activity.

- 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 participates jointly with the Drug Enforcement Administration (DEA) and the Federal Bureau of Investigations (FBI) on Operation Panama Express (PANEX). PANEX is a federally approved OCDETF investigation targeting Colombian narcotics trafficking organizations. These Colombian trafficking organizations are responsible for the transportation of cocaine via vessel through the Caribbean Sea to transshipment countries, which have been identified as Jamaica, Panama, Belize, Honduras and Mexico. These Colombian organizations and their associates are responsible for the importation and distribution of cocaine to and within the United States, as well as Canada.
- ICE is an active participant and partner in the Special Operations Division, a multi-agency program involving the Department of Justice, the DEA, the FBI, and the Internal Revenue Service.
- The performance measures and outputs are strategic in scope. The Office of Investigations (OI) does not forecast law enforcement actions or consequences. OI only provides year end data on seizures; therefore, data on seizures is included in a separate exhibit.

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

FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2010 Actual	FY 2011 Target
36.4%	35.8%	46.3%	47.7%	48.0%	48.8%	49.9%

(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.

This measure evaluates the percent of closed cases worked by OI in a selected fiscal year that produced an enforcement consequence (e.g., arrest, indictment, conviction, seizure, fine and/or penalty).

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 2010 actual performance results

Final performance results for measure one in FY 2010 was 48.8%. This exceeded the performance target by 0.8%.

(3) Performance target for FY 2011

The performance target for FY 2011 is 49.9%. The target increase is based on last year's performance. In addition, OI received supplemental funding that will enable increased drug enforcement focus on the Southwest Border.

(4) Quality of Performance Data

The database used to validate the OI performance data is TECS. OI 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 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2010 Actual	FY 2011 Target
NA	NA	74.7%	74.3%	76.0%	72.7%	78.0%

(1) Description

OI performance measures 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 OI 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 2010 actual performance results

In FY 2010, 72.7% of the drug smuggling cases closed resulted in an enforcement consequence. Thus, the FY 2010 target of 76.0% was not met. Investigations are not closed until the criminal judicial proceedings take their turn. As judicial proceedings are out of the control of ICE, their results are highly variable, and OI continually reevaluates the allocation of investigative hours to the highest risk priority investigations.

The baseline for this measure was established in FY 2008 and is tracked by quarter. The FY 2010 actual results were calculated by averaging the quarterly percentages for closed drug smuggling investigative cases which have an enforcement consequence (arrest, indictment, conviction, seizure, fine, or penalty).

(3) Performance target for FY 2011

The performance target for FY 2011 is 78.0%. The target increase is based upon prior year's performance results. OI has taken the proactive steps in enhancing its management practices to better allocate investigative resources. The new focus on high-risk priority investigations through the use of the Significant Case Report (SCR) Module in TECS is expected to result in improved performance.

(4) Quality of Performance Data

The database used to validate the OI performance data is TECS. OI 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 2010, ICE provided reasonable explanations for established performance targets that were not met.

3. Methodology to establish performance targets is reasonable and applied.

The methodology described above to establish performance targets for FY 2011 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.

Exhibit 1: Additional Drug Enforcement Statistics

The Office of Investigations keeps track of additional statistics to monitor their drug enforcement efforts. OI does not set targets for seizures and only provides year end data. Note “high impact” as discussed in statistics 3 through 6 is defined as the weight limit for a seizure that would constitute a federal drug identification number from the El Paso Intelligence Center.

Statistic 1: Dollar value of real or other property seizures derived from/and/or used from drug operations.

FY 2008 Actual	FY 2009 Actual	FY 2010 Actual
\$42.6 M	\$94.2 M	\$47.2 M

Statistic 2: Dollar value of seized currency and monetary instruments from drug operations.

FY 2008 Actual	FY 2009 Actual	FY 2010 Actual
\$159.3 M	\$155.3 M	\$115.2 M

Statistic 3: Percentage of total cocaine seizures considered high impact.

FY 2008 Actual	FY 2009 Actual	FY 2010 Actual
54%	62%	60%

Statistic 4: Percentage of heroin seizures considered high impact.

FY 2008 Actual	FY 2009 Actual	FY 2010 Actual
72%	67%	71%

Statistic 5: Percentage of marijuana seizures considered high impact.

FY 2008 Actual	FY 2009 Actual	FY 2010 Actual
62%	57%	57%

Statistic 6: Percentage of methamphetamine seizures considered high impact.

FY 2008 Actual	FY 2009 Actual	FY 2010 Actual
49%	52%	56%

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