

# **Review of U.S. Immigration and Customs Enforcement's Fiscal Year 2016 Detailed Accounting Submission**





# DHS OIG HIGHLIGHTS

## *Review of U.S. Immigration and Customs Enforcement's Fiscal Year 2016 Detailed Accounting Submission*

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**February 1, 2017**

### **Why We Did This Review**

The Office of National Drug Control Policy's (ONDCP) Circular, *Accounting of Drug Control Funding and Performance Summary*, requires National Drug Control Program agencies to submit to the ONDCP Director, not later than February 1 of each year, a detailed accounting of all funds expended for National Drug Control Program activities during the previous fiscal year.

The Office of Inspector General (OIG) is required to conduct a review of the agency's submission and provide a conclusion about the reliability of each assertion in the report.

#### **For Further Information:**

Contact our Office of Public Affairs at (202) 254-4100, or email us at [DHS-OIG.OfficePublicAffairs@oig.dhs.gov](mailto:DHS-OIG.OfficePublicAffairs@oig.dhs.gov)

### **What We Found**

KPMG LLP (KPMG), under contract with the Department of Homeland Security OIG, issued an Independent Accountants' Report on U.S. Immigration and Customs Enforcement's (ICE) Detailed Accounting Submission. ICE's management prepared the *Table of FY 2016 Drug Control Obligations* and related disclosures to comply with the requirements of the ONDCP Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013 (Circular). Based on its review, nothing came to KPMG's attention that caused it to believe that ICE's FY 2016 Detailed Accounting Submission is not presented in conformity with the criteria in ONDCP's Circular. KPMG did not make any recommendations as a result of its review.




## OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / [www.oig.dhs.gov](http://www.oig.dhs.gov)

February 1, 2017

MEMORANDUM FOR: Christopher Tighe  
Acting Deputy Director, Office of Budget and Program  
Performance  
U.S. Immigration and Customs Enforcement

FROM: John V. Kelly   
Deputy Inspector General

SUBJECT: *Review of U.S. Immigration and Customs Enforcement's  
Fiscal Year 2016 Detailed Accounting Submission*

Attached for your information is our final report, *Review of U.S. Immigration and Customs Enforcement's (ICE) Fiscal Year 2016 Detailed Accounting Submission*. ICE's management prepared the *Table of FY 2016 Drug Control Obligations* and related disclosures to comply with the requirements of the Office of National Drug Control Policy's Circular, *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013.

We contracted with the independent public accounting firm KPMG LLP (KPMG) to review ICE's Detailed Accounting Submission. KPMG is responsible for the attached Independent Accountants' Report, dated January 24, 2017, and the conclusions expressed in it. KPMG's report contains no recommendations.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Maureen Duddy, Deputy Assistant Inspector General for Audits, at (617) 565-8723.

Attachment



KPMG LLP  
Suite 12000  
1801 K Street, NW  
Washington, DC 20006

## Independent Accountants' Report

Deputy Inspector General  
U.S. Department of Homeland Security:

We have reviewed management's assertion that the Detailed Accounting Submission of the U.S. Department of Homeland Security's (DHS) Immigration and Customs Enforcement (ICE) for the year ended September 30, 2016 was prepared in conformity with requirements of the Office of National Drug Control Policy Circular: *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013 (the Circular). ICE management is responsible for the assertion.

Our review was conducted in accordance with generally accepted government auditing standards, which incorporate the attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that management's assertion referred to above, is not fairly stated, in all material respects, in conformity with the requirements set forth in the Circular.

*KPMG LLP*

January 24, 2017



Office of the Chief Financial Officer

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



U.S. Immigration  
and Customs  
Enforcement

January 24, 2017

Mr. John Kelly  
Deputy Inspector General  
U.S. Department of Homeland Security  
Office of Inspector General

Dear Mr. Kelly,

In accordance with the Office of National Drug Control Policy Circular: *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013, enclosed is Immigration and Customs Enforcement's report of FY 2016 drug obligations, drug control methodology and assertions.

If you require further assistance on this information, please contact Christopher Maiwurm at (202) 732-4361.

Sincerely,

A handwritten signature in black ink, appearing to read "Christopher Tighe".

Christopher Tighe, Acting Deputy Director  
Office of Budget and Program Performance  
U.S. Immigration and Customs Enforcement

**U.S. Department of Homeland Security**  
**U.S. Immigration and Customs Enforcement**  
**Detailed Accounting Submission of Drug Control Funding during Fiscal Year 2016**

**A. Table of FY 2016 Drug Control Obligations**

Drug Resources by Budget Decision Unit and Function:

	FY 2016 Final (In Millions)
<b>Drug Resource by Drug Control Function</b>	
Domestic Investigations	\$476.391
International Operations	\$7.231
Intelligence: Domestic	\$24.900
Intelligence: International	\$0.356
<b>Total</b>	<b>\$508.878</b>
<b>Drug Resources by Budget Decision Unit</b>	
Salaries and Expenses – Immigration Enforcement	
<b>Total</b>	<b>\$508.878</b>
<b>High Intensity Drug Trafficking Area (HIDTA) Transfer</b>	
	<b>\$2.799</b>

HIDTA Funds represent total authorized and available during FY2016 (multi-year funds: FY15/16 and FY16/17)

**Disclosure No. 1: Drug Methodology**

U.S. Immigration and Customs Enforcement (ICE) is a multi-mission bureau, and obligations are reported pursuant to an approved drug methodology. ICE's Homeland Security Investigations (HSI) Domestic Investigations, International Operations (IO) and Office of Intelligence uphold U.S. drug control policy delegated amid the Office of National Drug Control Policy (ONDCP) initiatives, by fully supporting the overall ICE mandate to detect, disrupt, and dismantle smuggling organizations. Therefore, separate calculations are formulated to determine obligation data for the three ICE HSI sanctioned programs that undertake in counter-narcotic investigative activity, presented in the table above. Thereafter, the following three (3) sections cover each program in detail.

**Domestic Investigations**

The methodology for HSI Domestic Investigations is based on investigative case hours recorded in ICE's automated Case Management System. ICE officers record the type of investigative work they perform in this system in the form of case hours. These case hours can then be aggregated to show

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overall level of effort.

Following the close of the fiscal year, ICE uses ICM reports to identify and report the total investigative case hours coded as general narcotics cases or money-laundering narcotics cases. A second ICM report shows the total Domestic investigative case hours logged. The percentage of Domestic investigative case hours logged is derived by dividing the number of investigative case hours linked to drug-control activities by the total number of investigative case hours. This percentage may fluctuate from year to year. In FY 2016, the actual percentage for Domestic Investigations was 27.30 percent. To calculate a dollar amount of obligation, the percentage is applied to actual obligations to derive the percentage for Domestic Investigations excluding reimbursable authority. ICE uses the Federal Financial Management System (FFMS), ICE's general ledger system, to identify the obligations incurred.

### **International Operations (IO)**

The methodology for IO is based on investigative case hours recorded in ICE's automated Case Management System. ICE officers record the type of work and related case hours they perform in this system, which interfaces with ICM. Following the close of the fiscal year, an ICM report is run showing investigative case hours coded as general narcotics cases or money-laundering narcotics cases. A second report is run showing all investigative case hours logged for international law enforcement operations. The international investigative case hours logged percentage is derived by dividing the number of international investigative case hours linked to drug-control activities by the total number of investigative case hours. For IO, the actual percentage of hours that were counter-narcotics related was 7.50 percent in FY 2016. To calculate the dollar amount of obligations for the IO drug control function, the percentage is applied to the FY 2016 enacted IO budget, excluding reimbursable authority. The FFMS is the system used to generate the actual obligations incurred.

### **Office of Intelligence**

ICE officers provide intelligence services for Domestic Investigations and IO to support criminal investigations aimed at disrupting and dismantling criminal organizations involved in transnational drug trade and associated money-laundering crimes. The methodology for the Office of Intelligence is based on intelligence case hours recorded in ICE's automated Case Management System. ICE intelligence officers record the type of work and related case hours they perform in this system, which interfaces with ICM. Following the close of the fiscal year, a report in ICM is run showing investigative case hours coded as counter-narcotics cases or money-laundering narcotics cases. A second report is generated showing all investigative case hours logged. The intelligence investigative case hours percentage is derived by dividing the number of investigative case hours linked to drug-control activities by the total number of investigative case hours logged for the Office of Intelligence. In FY 2016, 31.94 percent of the total case hours for the Office of Intelligence were in support of drug-control activities. To calculate the dollar amount of Intelligence drug-control obligations, the percentage is applied to the FY 2016 enacted Intelligence budget, excluding reimbursable authority. The FFMS is the system used to generate the actual

obligations incurred.

The Office of Intelligence case hours recorded in ICM captures both domestic and international drug-related activity. The Office of Intelligence calculates the total percentage of case hours that support Domestic and International drug enforcement activity by adding the end of the year total number of Intel Domestic and Intel Office of International Operations drug-controlled investigative hours in ICM and dividing these totals by the total number of Domestic drug-controlled investigative hours and IO drug-controlled investigative hours. The resulting percentage is used to determine the amount that Intelligence does for international activities (1.41 percent) and domestic activities (98.59 percent). The respective percentages are applied to the total Office of Intelligence drug-related obligations as determined above to identify the relative international and domestic obligations expended by the Office of Intelligence for drug-control activities.

#### Disclosure No.2: Methodology Modifications

There were no modifications to the drug methodology from the previous year to report.

#### Disclosure No.3: Material Weaknesses or Other Findings

In the Fiscal Year 2016 Department of Homeland Security (DHS or the Department) Financial Statement Audit, ICE contributed to the material weakness related to information technology (IT) controls and financial system functionality. Specifically, ICE must focus on access controls for all financial related systems, such as the systems used for financial management, invoice management, real property, time/attendance, bond management and procurement. ICE has completed a full assessment of application controls for all CFO designated systems, will execute corrective actions for new weaknesses, and conduct routine verification and validation to ensure improvements are being sustained.

The contribution to the material weakness identified above was not relevant to ICE's ability to report complete and accurate obligation data in the Table of FY 2016 Prior Year Drug Control Obligations as the findings did not impact any of the drivers used in ICE's Drug methodology.

#### Disclosure No. 4: Reprogrammings or Transfers

During FY 2016, ICE had reprogrammings and transfers. As a component of DHS, ICE submits all reprogramming and transfer requests through the Department for approval, and the impact of these changes is assessed by the Department. In FY 2016, the Department determined there were no reprogrammings or transfers that materially impacted ICE's drug-related obligations reported in the Table of FY 2016 Drug Control Obligations.

#### Disclosure No. 5: Other Disclosures

**ICM Migration** – During FY 2016, HSI transitioned into a new web-based system (ICM) from Legacy TECS, which has created interface migration issues. The first release took place in the summer of



2016, when nearly 11,000 HSI users were migrated over to ICM. As a result, some of the data used in this report has been impacted by an immaterial amount.

**B. Assertions**

Assertion No. 1: Obligations by Budget Decision Unit

Not Applicable- As a multi-mission agency, ICE is exempt from reporting under this section as noted in the Office of National Drug Control Policy (ONDCP) Circular: *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013.

Assertion No. 2: Drug Methodology

The methodology used to calculate obligations of prior year budgetary resources by budget decision unit and function is reasonable and accurate in regard to the workload data employed and the estimation methods used. The workload data derived from ICM, discussed in the methodology section above, is based on work performed between October 1, 2015 and September 30, 2016. There are no other estimation methods used. The financial system used to calculate the drug-related budget obligations is the FFMS, which is reliable and capable of yielding data that fairly presents, in all material respects, aggregate obligations.

Assertion No.3: Application of Drug Methodology

The methodology disclosed in Section A, Disclosure No. 1 was the actual methodology used to generate the Table of FY 2016 Drug Control Obligations.

Assertion No. 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. Although the Department determined there was no material impact to drug-related obligations, the ONDCP approved all reprogrammings or transfers in excess of \$1 million in FY 2016.

Assertion No.5: Fund Control Notices

No Fund Control Notice was issued, as defined by the ONDCP Director under 21 U.S.C. Section 1703(f) and Section 9 of the ONDCP Circular: *Budget Execution*, to ICE in FY 2016.



## **OFFICE OF INSPECTOR GENERAL**

Department of Homeland Security

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### **Appendix A** **Report Distribution**

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#### **U.S. Immigration and Customs Enforcement**

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Chief, Homeland Security Branch  
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Congressional Oversight and Appropriations Committees

#### **Office of National Drug Control Policy**

Associate Director for Management and Administration

## **ADDITIONAL INFORMATION AND COPIES**

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