

OFFICE OF INSPECTOR GENERAL

**Management Letter for the
U.S. Customs and Border
Protection's FY 2015
Consolidated Financial
Statements Audit**



Homeland
Security

May 13, 2016
OIG-16-90



DHS OIG HIGHLIGHTS

Management Letter for the U.S. Customs and Border Protection's FY 2015 Consolidated Financial Statements Audit

May 13, 2016

Why We Did This Audit

U.S. Customs and Border Protection (CBP) prepares annual financial statements to demonstrate accountability to Congress and the public. CBP uses the same guidance and statutory framework used by the Department of Homeland Security (DHS). We contracted with KPMG LLP to audit CBP's fiscal year (FY) 2015 financial statements to express an opinion over the fairness of presentation of those statements.

For Further Information:

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

What We Found

KPMG LLP, under contract with the DHS Office of Inspector General, audited the U.S. Customs and Border Protection's consolidated financial statements for fiscal year (FY) 2015. The resulting management letter contains 16 observations related to internal controls and other operational matters for management's consideration. KPMG LLP noted internal control deficiencies and the need for improvement in several processes including control over settlement assets; the trade compliance measurement review process; review of Federal Employee Compensation Act Claims; controls in the seized and forfeited property inventory process; and reviews over the Performance and Accountability Report. These deficiencies did not meet the criteria to be reported in the *Independent Auditors' Report on U.S. Customs and Border Protection's FY 2015 Consolidated Financial Statements*, dated March 21, 2016. These observations are intended to improve internal control or result in other operating efficiencies.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

MAY 13 2016

MEMORANDUM FOR: Jaye M. Williams
Chief Financial Officer
United States Customs and Border Protection

FROM: Mark Bell *Mark Bell*
Assistant Inspector General for Audits

SUBJECT: *Management Letter for the U.S Customs and Border Protection's FY 2015 Consolidated Financial Statements Audit*

Attached for your action is our final report, *Management Letter for the U.S. Customs and Border Protection's FY 2015 Consolidated Financial Statements Audit*. This report contains 16 observations related to internal control deficiencies that did not meet the criteria to be reported in the *Independent Auditors' Report on U.S. Customs and Border Protection's FY 2015 Consolidated Financial Statements*, dated March 21, 2016. We do not require management's response to the recommendations.

The independent public accounting firm KPMG LLP conducted the audit of CBP's FY 2015 financial statements and is responsible for the attached management letter and the conclusions expressed in it.

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

March 8, 2016

Office of Inspector General
U.S. Department of Homeland Security, and

Chief Financial Officer
U.S. Department of Homeland Security,
U.S. Customs and Border Protection
Washington, DC

Ladies and Gentlemen:

In planning and performing our audit of the consolidated balance sheet of the U.S. Customs and Border Protection (CBP), a component of the U.S. Department of Homeland Security (DHS), and the related consolidated statements of net cost, changes in net position, and custodial activity, and the combined statement of budgetary resources as of and for the year ended September 30, 2015 (hereinafter, referred to as “the financial statements”). In accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*, we considered CBP’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CBP’s internal control. Accordingly, we do not express an opinion on the effectiveness of CBP’s internal control.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies. This letter provide our observations for your consideration, and have been indexed in the Table of Financial Management Comments. The disposition of each internal control deficiency identified during our FY 2015 audit – as either reported in our Independent Auditors’ Report, or herein as a financial management letter comment – is presented in Appendix A. Our findings related to information technology systems have been presented in a separate letter to the DHS Office of Inspector General, CBP Chief Information Officer and CBP Chief Financial Officer.



Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of CBP's organization gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

The purpose of this letter is solely to describe comments and recommendations intended to improve internal control or result in other operating efficiencies. Accordingly, this letter is not suitable for any other purpose.

Very truly yours,

KPMG LLP

U.S. Customs and Border Protection
Table of Financial Management Comments

TABLE OF FINANCIAL MANAGEMENT COMMENTS (FMC)

<u>FMC Reference</u>	<u>Subject</u>	<u>Page</u>
FMC 15-01	Inadequate Controls over Settlement of Assets	1
FMC 15-02	Management Oversight of Property, Plant, and Equipment	2
FMC 15-03	Control Deficiencies over the In-Bond Process	3
FMC 15-04	Lack of Controls over Monitoring of Heritage Assets Collections	3
FMC 15-05	Failure to Establish and Review Significant Accounting Policies and Standard Operating Procedures in Various Areas	4
FMC 15-06	Deficiencies in the Public and Confidential Financial Disclosure Reporting Process	4
FMC 15-07	Deficiencies in the Trade Compliance Measurement Review Process	5
FMC 15-08	Ineffective Controls over Review of Federal Employee Compensation Act Claims	6
FMC 15-09	Ineffective Control over Asset Disposals as of September 30th, 2015	6
FMC 15-10	Deficiencies in Tracking Leases	7
FMC 15-11	Ineffective Controls in the Review of Adjusting Journal Entries	8
FMC 15-12	Lack of Control over Advances and Prepayments	8
FMC 15-13	Ineffective Application of Allowance Methodology	8
FMC 15-14	Ineffective Controls in the Seized and Forfeited Property Inventory Process	9
FMC 15-15	Untimely Deobligation of Undelivered Orders	9
FMC 15-16	Lack of Sufficient Review over the Performance and Accountability Report	10

APPENDICES

<u>Appendix</u>	<u>Subject</u>	<u>Page</u>
A	Crosswalk – Financial Management Comments to Active Notices of Finding and Recommendation (NFRs)	11

U.S. Customs and Border Protection
Financial Management Comments
September 30, 2015

Financial Management Comment (FMC) 15-01 – Inadequate Controls over Settlement of Assets (*Notice of Finding and Recommendation (NFR) No. CBP 15-02 & CBP 15-02a*)

We selected a statistical sample of eight general property, plant, and equipment (PP&E) asset settlement transactions recorded from October 1, 2014 through April 30, 2015 and identified the following:

- One instance involving personal property with a value of \$412,348 in which an asset was not recorded as in service in the financial system on a timely basis in accordance with the timeframes specified in CBP's policies. Asset additions are subject to the 30-day posting timeframe between the date the asset was placed into service and the posting date in the financial system. Three months lapsed between the time when a completed asset had been placed into service and the time when CBP recorded the settlement transaction to move the asset from construction in progress to general PP&E. Additionally, CBP's monitoring control over incomplete assets did not detect that the completed asset was not settled in a timely manner.

We selected a statistical sample of six general PP&E asset settlement transactions recorded from May 1, 2015 through September 30, 2015 and identified the following:

- Four instances, two involving real property with a value of \$16.8 million and two involving personal property with a value of \$23.0 million, in which assets and asset upgrades were not recorded as in service in the financial system on a timely basis in accordance with the timeframes specified in CBP's policies. Asset additions are subject to the 30-day posting timeframe between the date the asset was placed into service and the posting date in the financial system. One to eight months lapsed between the time when the completed assets or upgrades had been placed into service and the time when CBP recorded the settlement transaction to move the asset from CIP to general PP&E.
- Two instances involving aircraft upgrades in which CBP incorrectly adjusted the manual depreciation on an asset. When CBP records an upgrade, CBP's financial system depreciates the entire gross value of the asset, rather than the net book value, over the remaining useful life. This results in excess depreciation, and as a result, CBP must manually adjust the depreciation for the asset. However, CBP reversed the sign of the depreciation adjustment in September, resulting in excess depreciation for the month of September.
- Two instances involving aircraft upgrades in which the useful life of the upgrade extended beyond the useful life disclosed in CBP's PP&E footnote.

U.S. Customs and Border Protection
Financial Management Comments
September 30, 2015

Recommendations:

We recommend that CBP:

- Execute existing remediation plans to implement appropriate monitoring controls that ensure accountability at the project manager level for timely asset recordation and settlement, as well as compliance with stated policies and procedures.
- Implement controls to ensure that manual adjustments to depreciation are accurately recorded and that useful lives reported in the footnote are consistent with the useful lives of the underlying assets.

FMC 15-02 – Management Oversight of Property, Plant, and Equipment (NFR No. CBP 15-06)

During testwork over a statistical sample of ten general PP&E asset addition transactions recorded from October 1, 2014 through April 30, 2015, one asset addition was not timely recorded in the financial system in accordance with the 30-day timeframe specified in CBP's policies. Thirty-three days elapsed between the date the asset was received and the date the transaction was recorded in the financial system.

During testwork over a statistical sample of six general PP&E asset adjustment transactions recorded from October 1, 2014 through September 30, 2015, we identified one instance in which CBP received a property transfer receipt. Transfers are subject to the 30-day posting timeframe between the date the asset was received and the posting date in the financial system. However, 46 days elapsed between the date the asset was received and the date the transaction was recorded in the financial system.

Controls over CBP's annual personal property and equipment inventory did not operate effectively in FY 2015. Specifically,

- During site visits to various ports of entry during July and August, we traced a sample of 130 assets from floor to book. We found one instance in which a personal property item did not have a visible asset identifier.
- During testwork over general PP&E existence as of July 31, 2015, we identified a Radiation Portal Monitor asset consisting of 16 lanes that had been disassembled and added to other assets. While the net value of the asset transfer was \$0, CBP did not have controls in place to track and maintain the current status of the asset's individual lanes.

Recommendations:

We recommend that the CBP Personal Property Program Management Office (PPPMO):

- Continue to emphasize the importance of timely reporting of asset transactions by those at the field office.
- Continue to provide resources and guidance to assist the field offices in developing processes to ensure the timely and accurate reporting of transactions.

FMC 15-03 – Control Deficiencies over the In-Bond Process (NFR No. CBP 15-08)

Controls over the in-bond compliance exam process were not operating effectively during FY 2015. Specifically, during testwork performed over the in-bond compliance exams at seven ports of entry, we identified one of the 38 in-bond compliance exams selected did not include evidence that the exam had been completed.

Recommendations:

We recommend that CBP develop and implement standard operating procedures for issuance to personnel at ports of entry. Until such procedures have been implemented, we recommend that CBP issue a memorandum to field offices and ports of entry emphasizing the requirement to complete all in-bond examinations and audits, as well as to post all findings to the Cargo Enforcement Reporting and Tracking System (CERTS).

FMC 15-04 – Lack of Controls over Monitoring of Heritage Asset Collections (NFR No. CBP 15-12)

CBP lacked formally documented policies and procedures to ensure all assets comprising the collections of documents and artifacts are appropriately reviewed, classified, recorded, and safeguarded in accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 29, *Heritage Assets and Stewardship Land*. Additionally, CBP did not have controls in place to ensure all new and/or potential heritage assets are identified at ports of entry, Customs Houses and field units, and reported to the Historical Program Office.

We noted the *U.S. Customs and Border Protection Public Affairs Policy Handbook* was developed in FY 2015, which assigns responsibility for the management and reporting of heritage assets as follows:

- Historical Program Office is responsible for management of heritage assets at the Ronald Reagan Building
- The national and international field offices are responsible for management of heritage assets located at respective ports of entry, border patrol sectors and stations, and air and marine installations.
- The Office of Administration is responsible for reporting heritage assets.

However, the policy had not yet been approved by CBP management or formally issued across the organization.

U.S. Customs and Border Protection
Financial Management Comments
September 30, 2015

Recommendations:

We recommend that the Office of Administration (OA) secure the funding necessary to obtain contract services of a professional registrar to facilitate cataloguing of the collections at CBP Headquarters to meet the requirements found in SFFAS No. 29, and to work with CBP Office of Public Affairs History Program and OA to establish standards for managing heritage assets throughout CBP in all locations.

FMC 15-05 – Failure to Establish and Review Significant Accounting Policies and Standard Operating Procedures in Various Areas (NFR No. CBP 15-14)

Controls to ensure that significant accounting policies and standard operating procedures (SOPs) were formally documented, complete, and updated and revised timely were not properly implemented in FY 2015. Specifically:

- CBP did not have a formal standard operating procedure to ensure the proper monitoring of overtime in order to prevent employees from exceeding the \$35,000 legal threshold per employee.
- CBP did not have a formal standard operating procedure to ensure in-bond compliance exams and audits are consistently performed, reported, and documented in the CERTS across all ports of entry.
- CBP Directive 3510-005, *Bond Sufficiency*, had not been updated since May 17th, 1993, even though modifications to the bond monitoring process have occurred since that date.
- CBP Directive 3510-004, *Monetary Guidelines for Setting Bond Amounts*, had not been revised since July 23rd, 1991 to determine whether bond requirements should be updated based on current import/economic trends.

Recommendations:

We recommend that CBP implement entity-level controls across the organization to ensure the following:

- All significant policies and procedures are formally documented, meaning the policy has been written up in sufficient detail and the policy has been approved/authorized by personnel with authority to establish organizational policy.
- All significant policies and procedures are periodically reviewed and updated to ensure the policy remains current and applicable.

FMC 15-06 – Deficiencies in the Public and Confidential Financial Disclosure Reporting Process (NFR No. CBP 15-15)

We selected a sample of 15 public financial disclosure reports (PFDRs or Office of Government Ethics (OGE) Form 278s) and 45 confidential financial disclosure reports (CFDR or OGE Form 450s) and identified the following:

U.S. Customs and Border Protection
Financial Management Comments
September 30, 2015

- Controls to ensure proper review of OGE-278s and OGE-450s did not operate effectively in FY 2015. Specifically, we identified the following:
 - Four instances where the review of the OGE-278 was initiated within the 60-day requirement, but the final review and certification was not completed until after the 60-days review period. In one instance, CBP was unable to provide documentation to evidence that the Ethics Official was actively working to complete the review (i.e. communicating with the filer to resolve open questions or discrepancies) prior to the end of the 60-day period. In two of the instances, the supervisor and Senior Legal Counsel (SLC) e-signed the filings within the 60 days, but the “Notes” had not been closed by the SLC, and therefore, the filing remained in the “Manage Exceptions” list, rather than being sent to the Designated Agency Ethics Official’s (DAEO) Worklist. In one instance, the supervisor and SLC e-signed the report within 60 days, but Financial Disclosure Management (FDM) did not move the filing on to the DAEO for final review and certification.
 - Three instances where the initial review of the OGE-450 was completed within the 60-day requirement, but the final review and certification was not completed until after the 60-day review period. CBP was unable to provide documentation to evidence that the final reviewer was actively working to complete the review (i.e. communicating with the filer to resolve open questions or discrepancies) prior to the end of the 60-day period.
- One instance where the filer had information outstanding on their 2014 incumbent OGE- 278, and therefore, the review and certification of their 2015 filing could not be completed.

Recommendations:

We recommend that CBP:

- Create standard protocol for SLC to always close the “Notes” in FDM after e-signing a filing so that the filings are sent to the DAEO’s Worklist, rather than remaining in “Manage Exceptions.”
- Remain in contact with FDM Help Desk to determine if any filings have not been forwarded to DAEO.
- Develop standard operating procedures to address when a filer fails to amend their filing in a timely manner.

FMC 15-07 – Deficiencies in the Trade Compliance Measurement Review Process (NFR No. CBP 15-17)

Controls over the review of Trade Compliance Measurement entries were not effective during FY 2015. Specifically, during our testing of 90 Trade Compliance Measurement reviews performed during FY 2015, we found five instances where CBP was unable to

U.S. Customs and Border Protection
Financial Management Comments
September 30, 2015

provide appropriate supporting documentation showing that a review had been conducted in accordance with policies and procedures.

Recommendation:

We recommend that CBP's Office of Trade and Office of Financial Operations review policies and procedures to identify improvements that resolve causes of identified exceptions.

FMC 15-08 – Ineffective Controls over Review of Federal Employee Compensation Act (FECA) Claims (NFR No. CBP 15-18)

During our testwork over FECA Claims filed in FY 2015, we identified one instance where the Federal Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation form had not been properly reviewed, and incorrect information was submitted to the Department of Labor.

Recommendation:

We recommend that CBP reinforce the importance of adhering to policies and procedures over the completion and approval of FECA forms.

FMC 15-09 – Ineffective Control over Asset Disposals, as of September 30th, 2015 (NFR No. CBP 15-20)

We selected a sample of 45 PP&E asset retirement transactions processed from October 1, 2014 through September 30, 2015 and identified the following:

- Four instances involving personal property assets with a total acquisition value of \$25.4 million in which an asset retirement was not recorded in the financial system in a timely manner in accordance with standard policies and procedures. Therefore, the asset value was overstated from the actual date of retirement until the retirement was recorded in the financial system. The asset retirements were recorded between one and nine months after the assets were removed from service.
- Two instances involving personal property assets with a total acquisition value of \$834,137 at the time of disposal, in which the physical assets were disposed of without proof of disposal documentation in accordance with CBP policies.
- One instance involving a personal property asset with an acquisition value of \$1.0 million in which the physical asset was disposed of prior to receiving proper approval in accordance with CBP policies.
- One instance involving personal property with an acquisition value of \$63,362 in which a purchase was improperly capitalized as a group asset. Upon discovery of the error, the transaction was reversed. However, the reversal was improper as it recorded a loss on disposal. CBP ultimately corrected the error by inputting the asset

U.S. Customs and Border Protection
Financial Management Comments
September 30, 2015

into the financial system and subsequently retiring the recorded asset without recording a loss on disposal. However, this was not performed in a timely manner.

Recommendations:

We recommend that the CBP PPPMO:

- Continue to emphasize the importance of timely reporting of asset retirements by those at the field office.
- Emphasize the importance of receiving formal approval prior to the disposal of assets.
- Continue to monitor asset retirement transactions to identify and correct instances of non-compliance with policies and procedures.

FMC 15-10 – Deficiencies in Tracking Leases (NFR No. CBP 15-21)

Controls to ensure completeness and accuracy of the lease population used to prepare the operating lease footnote disclosure did not operate effectively. During our testing of CBP's June 30, 2015 lease information, we selected a sample of 25 lease payments and identified the following:

- Five instances in which CBP classified a lease as cancelable but did not disclose the non-cancelable period or calculate the future minimum lease payment.
- One instance in which a lease was misclassified as a free space lease with no associated payment. As a result, this lease was not included in CBP's lease management schedule as of June 30, 2015.

Based on these findings over the completeness of the population, we selected an additional sample of 25 lease payments and identified the following:

- One instance in which CBP classified a lease as cancelable but did not disclose the non-cancelable period or calculate the future minimum lease payment.
- One instance in which a lease was not on the lease management schedule due to improper identification in the system.

Controls to ensure the accurate reporting of future minimum lease payments were not operating effectively. During our testing of CBP's year-end lease footnote information, we identified one instance in which a lease agreement was incorrectly included twice in the lease management schedule.

Recommendations:

We recommend that CBP:

- Design and implement controls to ensure information in the lease listing is accurate and that operating leases are properly disclosed in the footnote in accordance with authoritative guidance.

U.S. Customs and Border Protection
Financial Management Comments
September 30, 2015

- Provide continued training to properly identify non-cancelable leases, as well as periodic quality assurance verifications to ensure that the lease data are appropriately recorded.

FMC 15-11 – Ineffective Controls in the Review of Adjusting Journal Entries (NFR No. CBP 15-23)

Controls over the review of adjusting journal entries did not operate effectively. CBP failed to reverse every line item of the FY 2014 year-end percentage of completion accrual. Specifically, CBP did not reverse standard general ledger (SGL) accounts 8801, *Offset to Asset Purchases*, and 8802, *Purchases of PP&E*. SGLs 8801 and 8802 were used in creating the reconciliation of net cost to budget footnote.

Recommendation:

We recommend that CBP ensure all line items are properly identified for reversal at the time of initial adjusting journal entry preparation.

FMC 15-12 – Lack of Control over Advances and Prepayments (NFR No. CBP 15-24)

We determined CBP did not have a control in place to ensure year-end intra-governmental balances reported for advances and prepayments are accurate. Specifically, we noted a difference of \$23.2 million for the reported balance at September 30, 2015 with the Department of Transportation (DOT). We issued a confirmation to the DOT to confirm the year-end balance of \$118.8 million reported by CBP. Per the confirmation response, the DOT reported an ending balance of \$95.6 million. CBP provided supporting documentation that \$14.8 million of the difference resulted from untimely processing of goods receipts and invoices. The remaining \$8.4 million resulted from a DOT accrual at September 30, 2015.

Recommendations:

We recommend that CBP:

- Devote resources to reconcile invoices with the DOT on a monthly basis.
- Record an accrual for unprocessed goods and services received. Further, we recommend that CBP work with other government agencies to confirm and reconcile their advances and prepayments balances.

FMC 15-13 – Ineffective Application of Allowance Methodology (NFR No. CBP 15-25)

Controls over CBP's process for estimating the allowance for doubtful accounts of taxes, duties, and trade receivables did not operate effectively in FY 2015. Specifically, we noted the specialist engaged to review and assess CBP's sampling methodology used to

U.S. Customs and Border Protection
Financial Management Comments
September 30, 2015

calculate the balance concluded that, while the statistical sampling methodology is valid, there are deficiencies over the implementation of the methodology that could yield unreliable results and inconsistency between documentation and execution.

Recommendation:

We recommend that CBP consider the recommendations identified by the specialist and implement procedures to ensure the proper recording of the allowance for doubtful accounts of taxes, duties, and trade receivables.

FMC 15-14 – Ineffective Controls in the Seized and Forfeited Property Inventory Process (NFR No. CBP 15-26)

Controls over the physical inventory of seized and forfeited property were not effective during the FY 2015 annual inventory. Specifically, during testwork at nine seized property vaults, we identified one instance in which a weight change was updated in the Seized Assets and Case Tracking System (SEACATS) but not properly updated on the 6051-I, *Shelf Weight Inventory and Recordation Log*.

Recommendations:

We recommend that CBP management:

- Redistribute previously issued policies and procedures to the Office of Field Operations and ports of entry.
- Emphasize the policy over documenting and updating the original 6051-I, *Shelf Weight Inventory and Recordation Log* at each stage of seizure processing and as part of the annual year-end inventory.

FMC 15-15 – Untimely Deobligation of Undelivered Orders (NFR No. CBP 15-16)

Controls to ensure all open obligations are properly identified as valid or invalid were not properly implemented in FY 2015. Specifically, during test work over 76 inactive open obligations (i.e. those with no activity in the current fiscal year) performed as of June 30, 2015, we noted the following exceptions:

- Two instances in which the open obligation was invalid as of June 30, 2015. We reviewed the June 30, 2015 Quarterly Obligation Analysis to determine if the obligation was identified as invalid (Status 3 or 4) and noted that the obligation was improperly given a valid status (Status 1).
- One instance in which the obligation was determined to be valid as of June 30, 2015 (Status 1) but improperly given an invalid status (Status 4) in the June 30, 2015 Quarterly Obligation Analysis.

U.S. Customs and Border Protection
Financial Management Comments
September 30, 2015

Recommendations:

We recommend that CBP:

- Increase the extent of its monitoring over performance of the Quarterly Obligation Analysis. This includes ensuring that adequate detail is retained to support the determination provided in the analysis.
- Provide training to individuals completing the analysis to ensure a consistent approach to performing the review and making status assessments is implemented across the organization.

FMC 15-16 – Lack of Sufficient Review over the Performance and Accountability Report (NFR No. CBP 15-27)

KPMG noted that CBP did not perform a detailed review of the non-financial sections of the Performance and Accountability Report (PAR) to ensure the PAR was prepared in accordance with relevant guidance (i.e. OMB Circular No. A-136, *Financial Reporting Requirements*).

The financial section of the PAR was prepared and reviewed by personnel at the National Finance Center prior to inclusion into the PAR. The review of the financial statement section entailed completion of the applicable sections of the General Accountability Office (GAO) Financial Audit Manual (FAM) 2010 and 2020 Checklists. Accordingly, program offices reviewed the information in the PAR applicable to their respective areas to ensure accuracy of the performance information reported. Although senior level management within the Office of Administration reviewed the entire PAR for accuracy and content, the review did not ensure the compliance of the non-financial sections of the PAR with financial reporting requirements outlined in applicable sections of OMB Circular No. A-136.

Recommendations:

We recommend that CBP develop a standard operating procedure over the PAR review and include the requirement to use the GAO FAM 2020 checklist and/or the Association of Government Accountants Certificate of Excellence in Accountability Reporting Checklist to ensure compliance with federal financial reporting requirements.

U.S. Customs and Border Protection
Crosswalk – Financial Management Comments to Active NFRs
 September 30, 2015

FY15 NFR No.	Description	Disposition*			
		IAR			FMC
		MW	SD	NC/OM	Number
CBP-15-01	Insufficient Retention Period for Documents Supporting Drawback Claims	A			
CBP-15-02	Inadequate Controls over Settlement of Assets at April 30, 2015				FMC 15-01
CBP-15-02a	Inadequate Controls over Settlement of Assets at September 30, 2015				FMC 15-01
CBP-15-03	Lack of Controls to Detect Excessive Drawback Claims	A			
CBP-15-04	Lack of Controls to Determine Sufficiency of Drawback Continuous Bonds for Claimants Qualified for Accelerated Payments	A			
CBP-15-05	Ineffective Entity Level Controls over Risk Assessment and Communications		B		
CBP-15-06	Management Oversight of Property, Plant, and Equipment				FMC 15-02
CBP-15-07	Ineffective Controls over the Refunds Prior to Disbursement		C		
CBP-15-08	Control Deficiencies over the In-Bond Process				FMC 15-03
CBP-15-09	Ineffective Controls over Review of Entry Edit/Exception Reports		C		
CBP-15-10	Ineffective Controls over the Timely Review of Liabilities for Deposit Accounts		C		
CBP-15-11	Ineffective Controls over the Review of Bond Sufficiency		C		
CBP-15-12	Lack of Controls over Monitoring of Heritage Asset Collections				FMC 15-04
CBP-15-13	Control Deficiencies in the Collections and Deposits Policies and Procedures		C		
CBP-15-14	Failure to Establish and Review Significant Accounting Policies and Standard Operating Procedures in Various Areas				FMC 15-05
CBP 15-14a	Failure to Establish and Review Significant Accounting Policies and Standard Operating Procedures in Various Areas- Addendum			Note 1	
CBP-15-15	Deficiencies in the Public and Confidential Financial Disclosure Reporting Process				FMC 15-06

U.S. Customs and Border Protection
Crosswalk – Financial Management Comments to Active NFRs
 September 30, 2015

FY15 NFR No.	Description	Disposition*			
		IAR			FMC
		MW	SD	NC/OM	Number
CBP-15-16	Untimely Deobligation of Undelivered Orders				FMC 15-15
CBP-15-17	Deficiencies in the Trade Compliance Measurement Review Process				FMC 15-07
CBP-15-18	Ineffective Controls over Review of Federal Employee Compensation Act Claims				FMC 15-08
CBP-15-19	Improper Recording of Fines and Penalties Receivable		C		
CBP-15-20	Ineffective control over Asset Disposals as of September 30, 2015				FMC 15-09
CBP-15-21	Deficiencies in Tracking Leases				FMC 15-10
CBP-15-22	Non-Compliance with Federal Financial Management Improvement Act (FFMIA)			Note 2	
CBP-15-23	Ineffective Controls in the Review of Adjusting Journal Entries				FMC 15-11
CBP-15-24	Lack of Control over Advances and Prepayments				FMC 15-12
CBP-15-25	Ineffective Application of Allowance Methodology				FMC 15-13
CBP-15-26	Ineffective Controls in the Seized and Forfeited Property Inventory Process				FMC 15-14
CBP 15-27	Lack of Sufficient Review over the Performance and Accountability Report				FMC 15-16

***Disposition Legend:**

IAR	Independent Auditors' Report dated March 8, 2016
FMC	Financial Management Comment
MW	Contributed to a Material Weakness
SD	Contributed to a Significant Deficiency
NC/OM	Contributed to Non-Compliance with laws, regulations or an Other Matter
NFR	Notice of Finding and Recommendation

Cross-reference to the applicable sections of the Independent Auditors' Report:

A	Drawback of Duties, Taxes, and Fees
B	Entity Level Controls
C	Entry Process
Note 1	CBP NFR 15-14a cross-references to the Other Matters section of the Independent Auditors' Report
Note 2	Non-compliance determined at the Department-level



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix B
Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
General Counsel
Executive Secretary
Director, GAO/OIG Liaison Office
Assistant Secretary for Office of Policy
Assistant Secretary for Office of Public Affairs
Assistant Secretary for Office of Legislative Affairs
Chief Financial Officer

United States Customs and Border Protection

Commissioner
Chief Financial Officer
Audit Liaison

Office of Management and Budget

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