



U.S. DEPARTMENT OF HOMELAND SECURITY **OFFICE OF INSPECTOR GENERAL**

OIG-24-12

January 22, 2024

FINAL REPORT

Review of U.S. Immigration and Customs Enforcement's Fiscal Year 2023 Detailed Accounting Report for Drug Control Funds






OFFICE OF INSPECTOR GENERAL

U.S. Department of Homeland Security

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

January 22, 2024

MEMORANDUM FOR: Patrick J. Lechleitner
Deputy Director and Senior Official Performing the Duties of the
Director
U.S. Immigration and Customs Enforcement

FROM: Joseph V. Cuffari, Ph.D. **JOSEPH V**
Inspector General **CUFFARI**  Digitally signed by JOSEPH V CUFFARI
Date: 2024.01.09 16:50:48 -07'00'

SUBJECT: ***Review of U.S. Immigration and Customs Enforcement's Fiscal Year 2023
Detailed Accounting Report for Drug Control Funds***

Attached for your information is our final report, *Review of U.S. Immigration and Customs Enforcement's Fiscal Year 2023 Detailed Accounting Report for Drug Control Funds*. U. S. Immigration and Custom's Enforcement (ICE) management prepared the Detailed Accounting Report and the related assertions to comply with the requirements of the Office of National Drug Control Policy Circular, *National Drug Control Program Agency Compliance Reviews*, dated September 9, 2021.

We contracted with the independent public accounting firm Williams, Adley & Company - DC, LLP (William Adley) to review ICE's Detailed Accounting Report. William Adley is responsible for the attached Independent Accounting's Review Report, dated January 17, 2024, and the conclusions expressed in it. William Adley'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 contact me with any questions, or your staff may contact Kristen Bernard, Deputy Inspector General for Audits, at (202) 981-6000.

Attachment

OIG Project No. 23-056-AUD-ICE



DHS OIG HIGHLIGHTS

Review of U.S. Immigration and Customs Enforcement's Fiscal Year 2023 Detailed Accounting Report for Drug Control Funds

January 22, 2024

Why We Did This Review

The Office of National Drug Control Policy (ONDCP) Circular, *National Drug Control Program Agency Compliance Reviews*, requires National Drug Control Program agencies to submit to the ONDCP Director by February 1 of each year a detailed accounting of all funds expended for National Drug Control Program activities during the previous fiscal year.

At least every 3 years, the Office of Inspector General is required to review the report and provide a conclusion about the reliability of each assertion made in the report.

For Further Information:

Contact our Office of Public Affairs at (202) 981-6000, or email us at:

DHS-OIG.OfficePublicAffairs@oig.dhs.gov.

What We Found

Williams, Adley & Company – DC, LLP (Williams Adley), under contract with the Department of Homeland Security Office of Inspector General, issued an Independent Accountant's Review Report on the U.S. Immigration and Customs Enforcement's (ICE) Detailed Accounting Report. ICE's management prepared the Table of FY 2023 Drug Control Obligations and related assertions to comply with the requirements of the ONDCP Circular, *National Drug Control Program Agency Compliance Reviews*, dated September 9, 2021.

Based on its review, nothing came to Williams Adley's attention that caused it to believe that ICE's FY 2023 Detailed Accounting Report and related assertions are not presented in conformity with criteria in the Circular. Williams Adley did not make any recommendations.



Independent Accountant's Review Report

Inspector General
United States Department of Homeland Security

We have reviewed the accompanying Detailed Accounting Report (DAR) of the U.S. Department of Homeland Security's (DHS) Immigration and Customs Enforcement (ICE) for the year ended September 30, 2023. ICE's management is responsible for the preparation of the DAR in conformity with the requirements of the Office of National Drug Control Policy Circular: *National Drug Control Program Agency Compliance Reviews*, dated September 9, 2021 (the Circular). Our responsibility is to express a conclusion about management's assertions based on our review.

We conducted our review in accordance with the attestation standards established by the American Institute of Certified Public Accountants and generally accepted government auditing standards. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to the DAR or related assertions in order for them to be in accordance with the Circular. The procedures performed in a review vary in nature and timing from and are substantially less in extent than an examination, the objective of which is to obtain reasonable assurance about whether ICE's DAR and related assertions are in accordance with the Circular, in all material respects, in order to express an opinion. Because of the limited nature of the engagement, the level of the assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements related to the engagement.

Based on our review, we are not aware of any material modifications that should be made to the DAR or related assertions for the year ended September 30, 2023, in order for them to be in conformity with the requirements set forth in the Circular.

The purpose of this report is to authenticate the DAR as required by the Circular based on our review and is not suitable for any other purpose. This report is intended solely for the information and use of DHS Office of Inspector General, ICE, and the Office of National Drug Control Policy, and is not intended to be, and should not be, used by anyone other than the specified parties.

Williams, Adley & Company-DC, LLP
Washington, D.C.
January 17, 2024

*Budget Director, Office of Budget & Program
Performance*

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



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

January 17, 2024

Dr. Rahul Gupta
Director
Office of National Drug Control Policy
Executive Office of the President
Washington, DC 20503

Dear Dr. Gupta:

Enclosed is the ICE FY 2023 Detailed Accounting Report (DAR) on National Drug Control Funding. In FY 2023, ICE reported direct obligations of approximately \$675.6 million.

If you have any questions or would like additional information, please contact me at (202) 732-5627.

Sincerely,

JENNIFER S
CLEARY
STANNARD

Digitally signed by
JENNIFER S CLEARY
STANNARD
Date: 2024.01.18 10:03:01
-05'00'

Jennifer Cleary
Chief Financial Officer
Office of the Chief Financial Officer
U.S. Immigration and Customs Enforcement
Department of Homeland Security

U.S. Department of Homeland Security
U.S. Immigration and Customs Enforcement
Homeland Security Investigations
Detailed Accounting Report of FY23 Drug Control Funding

A. Drug Control Funding Obligations

1. Table of FY 2023 Drug Control Obligations

Drug Resources by Budget Decision Unit and Function

	FY 2023 Final (In Millions)
Drug Resource by Drug Control Function	
Domestic Investigations	\$631.57
International Operations	\$9.808
Intelligence: Domestic	\$33.830
Intelligence: International	\$0.345
Total	\$675.565
Drug Resources by Budget Decision Unit	
Salaries and Expenses – Immigration Enforcement	
Total	\$675.565
High Intensity Drug Trafficking Area (HIDTA FY22/23 and FY23/24)	\$2.107

2. 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 (3) HSI sanctioned programs that undertake 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 the Investigative Case Management (ICM) system. HSI Special Agents 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 overall level of effort.

Following the close of the fiscal year, HSI 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 Domestic investigative case hours. This percentage may fluctuate from year to year. For FY 2023, the actual percentage for Domestic Investigations was 31.55%. To calculate a dollar amount of obligations, this percentage was applied to actual obligations incurred by Domestic Investigations, excluding reimbursable authority. ICE uses the Federal Financial Management System (FFMS) to identify the obligations incurred.

International Operations (IO)

The methodology for IO is based on investigative case hours recorded in ICM. HSI Special Agents record the type of case and related case hours they perform in this system. Following the close of the fiscal year, an ICM report is run to capture investigative case hours coded as general narcotics cases or money-laundering narcotics cases. A second report is run to capture all investigative case hours logged for international law enforcement operations. For International Affairs, the actual percentage of hours that were counter-narcotics related, was 7.80% in FY 2023. To calculate a dollar amount of obligations, this percentage was applied, to actual obligations incurred by International Affairs, excluding reimbursable authority. The FFMS is the system used to generate the actual obligations incurred.

Office of Intelligence

HSI Criminal Analysts 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 ICM. HSI Criminal Analysts record the type of work and related case hours they perform in. Following the close of the fiscal year, a report in ICM is run to capture investigative case hours coded as general-narcotics cases or money-laundering narcotics cases. A second report is generated capturing 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 Intelligence investigative case hours logged for the Office of Intelligence. For FY 2023, 32.60% of the total case hours for Intelligence were in support of drug-control activities. To calculate a dollar amount of drug-control

obligations, this percentage was applied to actual obligations incurred by Intelligence, 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 Intelligence Domestic and Intelligence 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. For FY 2023, the resulting percentage is used to determine the amount of work that Intelligence does for international activities (1.02%) and domestic activities (98.98%). 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.

3. Methodology Modifications

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

4. Material Weaknesses or Other Findings

The OIG Report on the U.S. Department of Homeland Security's Consolidated Financial Statements for FY 2023 and FY 2022 and Internal Control over Financial Reporting (OIG Report) identified three areas of material weaknesses for ICE. The areas identified were 1) Information Technology Controls and Information Systems, 2) Financial Reporting and 3) Seized and Forfeited Property Other than Monetary Instruments. ICE concurs with the OIG Report concerning the three material weaknesses identified. However, the material weaknesses identified did not impair the agency's ability to report complete and accurate obligation data in the Table of FY 2023 Drug Control Obligations within the U.S. Immigration and Customs Enforcement Homeland Security Investigations Detailed Accounting Report of FY 2023 Drug Control Funding (FY 2023 DAR). To address the identified material weaknesses, ICE continues to enhance its internal controls and works to resolve financial reporting of financial deficiencies through targeted remediation.

The IT Controls and Information Systems material weakness continues to affect ICE's ability to fully comply with the financial management system requirements. ICE, working with the Department, continues to focus on controls for all financial related systems, such as the Procurement Request Information System Management (PRISM), the Federal Financial Management System (FFMS), and SAP/CONCUR. ICE continues to undergo system improvement and modernization efforts. In FY 2023, ICE rolled out a new platform, the Data Analytics and Visualization Environment (DAVE) that enforces data management best practices

and standards. The outcome of these efforts will enable the Department to effectively comply with government-wide requirements and reduce the need for manual compensating controls.

ICE plans to continue its efforts to remediate the identified material weakness in Seized and Forfeited Property Reporting in FY 2024. In FY 2023, ICE made improvements to the seized and forfeited property system of record resulting in enhanced data quality and fiscal reporting. ICE developed new capabilities to improve data quality and provided enhanced guidance and trainings. Going forward, ICE will continue remediation efforts in this area to improve controls over the property system of record to include timely and accurate initial entries. ICE will also develop policies and procedures for high seas seizures and communicate the new procedures through training. By remaining diligent and continuing to improve collaboration efforts to address known deficiencies in this area, the Department is confident that controls around the reporting of seized and forfeited property can be efficiently and effectively designed for operations going forward.

5. Reprogrammings or 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 2023, the Department approved two reprogrammings for HSI Domestic Operations in the amounts of \$6,296,681 for a Cyber Mod-Cost adjustment from Mission Support and \$2,655,000 for Blue Campaign. These reprogrammings are reflected in the Table of FY 2023 Drug Control Obligations.

6. Other Disclosures

There are no other disclosures necessary to clarify any issues regarding the data reported.

B. Assertions

1: Obligations by Budget Decision Unit:

The Obligations reported are consistent with the application of the approved methodology, as required by ONDCP Circular: Budget Formulation, Section 7, for calculating drug control funding against the bureau's accounting system of record for these Budget Decision Units.

2: Drug Methodology

The methodology used to calculate obligations of budgetary resources by budget decision unit and function is reasonable and accurate regarding 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, 2022 and September 30, 2023. 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.

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 2023 Drug Control Obligations.

4: Material Weaknesses or Other Findings

All material weaknesses or other findings by independent sources, or other known weaknesses, including those identified in the Agency's Annual Statement of Assurance, which may affect the presentation of prior year drug-related obligations as required by Section 7.a.(4) have been disclosed.

5: Methodology Modifications

No modifications were made to the methodology for reporting drug control resources for the previous year to report.

6: Reprogrammings or Transfers

The data presented are associated with obligations against a financial plan that, if revised during the fiscal year, properly reflects those changes, including ONDCP's approval of all reprogrammings or transfers affecting drug-related resources that individually or in aggregate for the fiscal year exceed \$5 million or 10 percent of a specific program or account included in the National Drug Control Budget (21 U.S.C. § 1703(c)(4)(A) in FY 2023.

7: 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 2023.



OFFICE OF INSPECTOR GENERAL

U.S. Department of Homeland Security

Appendix A: Report Distribution

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