



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

OIG-24-18

January 30, 2024

FINAL REPORT

Review of U.S. Customs and Border Protection'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 30, 2024

MEMORANDUM FOR: Troy A. Miller
Senior Official Performing the Duties of the Commissioner
U.S. Customs and Border Protection

FROM: Joseph V. Cuffari, Ph.D. **JOSEPH V CUFFARI** Digitally signed by
Inspector General JOSEPH V CUFFARI
Date: 2024.01.30
08:48:18 -05'00'

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

Attached for your information is our final report, *Review of U.S. Customs and Border Protection's Fiscal Year 2023 Detailed Accounting Report for Drug Control Funds*. U.S. Customs and Border Protection's (CBP) 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 (Williams Adley) to review CBP's Detailed Accounting Report. Williams Adley is responsible for the attached Independent Accountant's Review Report, dated January 17, 2024, and the conclusions expressed in it. Williams 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



DHS OIG HIGHLIGHTS

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

January 30, 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 Report on the U.S. Customs and Border Protection's (CBP) Detailed Accounting Report. CBP'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.

CBP's management was unable to provide supporting documentation for the methodology used in determining the drug control obligation percentages for each CBP program office. These percentages are applied to total actual obligations to estimate the obligations related to its drug control activities. The estimated drug control activity obligations are further broken down between interdiction and intelligence in the Table. Further, CBP's management was unable to provide supporting documentation for the methodology used in estimating the percentages of drug control activity obligations allocated between interdiction and intelligence. As a result, Williams Adley was unable to assess the reasonableness and accuracy of the methodologies used and Drug Methodology assertion.

Except as noted above, nothing came to Williams Adley's attention that caused it to believe that the FY 2023 Detailed Accounting Report and related assertions are not presented in conformity with the criteria in the ONDCP Circular.



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) Customs and Border Protection (CBP) for the year ended September 30, 2023. CBP 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.

Our review was conducted 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 CBP'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.

The Circular requires CBP to utilize a drug control methodology for presenting its National Drug Control Budget by drug control functions. The Circular also states that the methodology must provide a reasonable basis for consistent estimation. We noted that CBP management was unable to provide supporting documentation for the methodology used in determining the drug control obligation percentages for each CBP program office. These percentages are applied to total actual obligations to estimate the obligations related to its drug control activities. The estimated drug control activity obligations are further broken down between interdiction and intelligence in the Table of Fiscal Year (FY) 2023 Drug Control Obligations (the Table). However, CBP management was unable to provide supporting documentation for the methodology used in estimating the percentages of drug control activity obligations allocated between interdiction and intelligence. These percentages are used to derive the dollar-value of obligations reported as Total Resources by Budget Drug Control Unit and Drug Control Function in the Table presented in the DAR. As a result, we were not able to assess the reasonableness and accuracy of the methodologies used and Drug Methodology assertion.

Based on our review, except for the effects of the matters described above, 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, CBP, 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

1300 Pennsylvania Avenue NW
Washington, DC 20229



U.S. Customs and Border Protection

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 CBP's FY 2023 Detailed Accounting Report (DAR) on National Drug Control Funding. In FY 2023, CBP reported direct obligations of approximately \$3,634.2 million.

If you have any questions or would like additional information, please contact me at (202) 325-4054.

Sincerely,

A handwritten signature in cursive script that reads "Jeffrey Caine".

Jeffrey Caine
Chief Financial Officer & Assistant Commissioner
Office of Finance
U.S. Customs and Border Protection
Department of Homeland Security

**U.S. DEPARTMENT OF HOMELAND SECURITY
U.S. CUSTOMS AND BORDER PROTECTION
Detailed Accounting Report of Fiscal Year 2023 Drug Control Funds**

DETAILED ACCOUNTING REPORT

A. Table of Fiscal Year (FY) 2023 Drug Control Obligations

Table of Fiscal Year (FY) 2023 Drug Control Obligations	FY 2023 Final (\$ In Millions)
Drug Resources by Budget Decision Unit	
Operations and Support (O&S)	\$3,463.568
Procurement, Construction, and Improvements (PC&I)	\$170.658
Total Resources by Budget Decision Unit	\$3,634.226
Drug Resources by Drug Control Function	
Intelligence	
United States Border Patrol	\$25.190
Office of Field Operations	\$322.174
Office of Information and Technology	\$8.158
Office of Training and Development	\$1.304
Air and Marine Operations	\$167.299
Office of Intelligence	\$14.237
Intelligence - Total	\$538.362
Interdiction	
United States Border Patrol	\$778.299
Office of Field Operations	\$1,600.536
Office of Information and Technology	\$4.967
Office of Training and Development	\$34.417
Air and Marine Operations	\$677.645
Interdiction - Total	\$3,095.864
Total Resources by Drug Control Function	\$3,634.226
Total Obligations	\$3,634.226
High Intensity Drug Trafficking Area (HIDTA)	

Note: Drug resources broken down by unit and function as reflected in the budget structure enacted in the Consolidated Appropriations Act, 2023, PL 117-328.

1. Drug Methodology

U.S. Customs and Border Protection (CBP) is a multi-mission agency that calculates obligations by budget decision unit and drug control function, pursuant to an approved drug control funds calculation methodology. There are six program offices within CBP that are tasked with drug-control responsibilities: the United States Border Patrol (USBP), the Offices of Field Operations (OFO), Information and Technology (OIT), Training and Development (OTD), Air and Marine Operations (AMO), and Office of Intelligence (OI). In conformity with the requirements of ONDCP Circular: *National Drug Control Program Agency Compliance Reviews, dated September 9, 2021*, each program office has developed a

drug methodology to estimate the percentage of its obligations related to drug enforcement. USBP, OFO, OIT, OTD, and AMO each attribute their resources to both intelligence and interdiction functions, whereas OI attributes their resources only to intelligence functions.

The Drug Control Obligations table is based on actual obligations for each decision unit and program office named above for FY 2023. The obligation reports are generated by data reported in CBP's Systems, Applications, and Products in Data Processing (SAP) system, which is a DHS-approved accounting system. SAP is a fully integrated Enterprise Resource Planning (ERP) system that CBP uses to record and report obligations. Each program office multiplies its drug control obligation percentages by its actual total obligations per SAP to estimate obligations related to drug enforcement activities. The drug methodology developed and applied by each program office is described below:

UNITED STATES BORDER PATROL (USBP)

The USBP is responsible for controlling almost 6,000 miles of land borders between ports of entry with Canada and Mexico, and nearly 2,700 miles of coastal waters surrounding the Florida Peninsula and Puerto Rico. There were 19,104 Border Patrol agents, as of October 27, 2023, assigned to the mission of detecting and apprehending illegal entrants between the ports-of-entry. These illegal entries include aliens, drug smugglers, potential terrorists, wanted criminals, and persons seeking to avoid inspection at the designated ports of entry due to their undocumented status. It has been determined that 15 percent of USBP's activities are related to drug activities. This percentage was determined based on a historical study of the hours worked by agents, canine officers, and core personnel at various border checkpoints with narcotic-intensive activities. USBP resources come from (1) the Border Security Operations program, project, and activity (PPA) within CBP's Operations and Support (O&S) appropriation, and Border Security Assets and Infrastructure PPA within CBP's Procurement, Construction, and Improvements (PC&I) appropriation.

Of the 15 percent of obligations related to drug enforcement activities, USBP determined through the historical study referred to in the above paragraph that 3.5 percent of agents' efforts are related to intelligence and 96.5 percent are related to drug interdiction. Also, historically, the 15 percent of obligations are related to drug interdiction only. These activities include staffing permanent border traffic checkpoints nationwide, including 891 canine units trained in the detection of humans and certain illegal drugs that are concealed within cargo containers, truck trailers, passenger vehicles, and boats. In addition, agents perform line watch functions in targeted border areas that are frequent entry points for the smuggling of drugs and people into the United States.

CBP is the lead agency within DHS for the development and deployment of border technology and tactical infrastructure to secure America's borders. Prior to FY 2017, CBP's Border Security Fencing, Infrastructure, and Technology (BSFIT) appropriation provided multi-year funding for the CBP program office, USBP, to develop and install technology and tactical infrastructure solutions, enabling a more effective and efficient method for controlling border security. While CBP still has multi-year funds available from previously enacted BSFIT appropriations, CBP transitioned to the DHS Common Appropriations Structure (CAS) beginning in FY 2017. Consequently, the BSFIT appropriation has been discontinued and counterdrug funding is now appropriated through CBP's O&S and PC&I appropriations. All anticipated and actual obligations for drug control activities are now being accounted for through USBP. Obligations for

FY 2023 BSFIT carryover funds were captured using the standard calculation of 15 percent of BSFIT obligations.

This data comes from a historical study performed by USBP, which provides reliable source data for the drug methodology described above.

OFFICE OF FIELD OPERATIONS (OFO)

OFO estimates there were 3,316 CBP officer (CBPO) full-time equivalents related to drug enforcement on enforcement teams in FY 2023. Anti-Terrorism Contraband Enforcement Teams (A-TCET) work closely with the Passenger Enforcement Rover Team (PERT) and Passenger Analytical Unit (PAU) teams to coordinate all enforcement activities. Although the primary mission of A-TCET teams is anti-terrorism, they also focus on all types of contraband, including narcotics. CBP estimates that 69 percent of the A-TCET is devoted to drug enforcement. The smuggling methodologies and their indicators are similar for both narcotics and anti-terrorism activities. Of the funding that is devoted to enforcement teams, OFO estimates that 85 percent is dedicated to interdiction with 15 percent dedicated to intelligence.

OFO had 25,777 CBPOs in FY 2023, who, in addition to the interdiction of contraband and illegal drugs, enforce hundreds of laws and regulations on behalf of many other Federal Government agencies. The other Federal agencies include, for example, the U.S. Fish and Wildlife Service, Bureau of Alcohol, Tobacco, Firearms, and Explosives, and Bureau of Export Administration, among many others. CBP subject matter experts estimate that approximately 30 percent of these officers' time is devoted to drug-related activities. Of the funding that is devoted to general officer duties, OFO estimates that 80 percent is dedicated to interdiction with 20 percent dedicated to intelligence.

CBP uses a variety of Non-Intrusive Inspection (NII) systems and Radiation Detection Equipment (RDE) systems as part of its layered inspection strategy to achieve its primary mission of securing the Nation's borders and protecting America from the entry of dangerous people and goods. These systems are also used to facilitate the flow of legitimate trade and travel across U.S. borders. It is estimated that 100 percent of the funding for NII is associated with general contraband detection, which would include narcotics. Of the total funding that is devoted to NII, OFO estimates that 100 percent is dedicated to interdiction.

Multiple types of NII and RDE systems are used to inspect sea containers thoroughly and quickly, rail cars, trucks, automobiles, pallets, and various packages and parcels for the presence of contraband without damaging the conveyance or its contents. These systems keep CBP officials from resorting to more intrusive and time-consuming manual inspections, such as unloading, drilling, and dismantling.

The Administration has announced a National Health Emergency to combat the Opioid crisis. Seizures of illicit fentanyl have risen substantially in the last four years. Despite increased enforcement actions, there has been a dramatic and disturbing increase in overdose deaths attributable to illicit fentanyl and other synthetic drugs. In response to this rise, OFO continues to procure, deploy, and train employees to improve the agency's capability to detect and interdict fentanyl and other opioids. Those resources were accounted for in this analysis. CBP has a limited number of narcotic detection devices deployed to its largest POE along the Southwest Border.

CBP also uses three types of canine teams: narcotics/human, drug, and currency. CBP has 509 canine officers in the field. Of the funding devoted to these canine teams, 100 percent of their time is devoted to drug interdiction. CBP has established and deployed a world-class detector dog program to augment existing technology while establishing cutting edge detection capabilities. CBPOs use specially trained detector dogs in interdiction and to support specialized programs aimed at combating the terrorist threat at the Nation's borders, international airports, and seaports.

CBP's NTC addresses illicit narcotics smuggling on a global scale through an aggressive targeting and analysis program, identifying narcotics smuggling schemes in all modes of transportation. NTC has the lead role of identifying global trends and patterns in the narcotics trade and responding to these threats from a national platform. NTC creates system rules and coordinates with CBP POEs, other government agencies, and partnering nations to intercept suspect shipments, directly engaging new and active investigations.

As CBP's focal point for counterterrorism strategy and policy, Counter Network Division (CND) supports frontline officers and agents and is the conduit to senior leadership and the intelligence community for field-generated counterterrorism information. CTD ensures the frontline receives the tools and training to perform the counterterrorism mission and facilitates quick and accurate dissemination of relevant classified and unclassified intelligence between headquarters and operators in the field. 100 percent of the CND budget is estimated to be devoted to counter narcotics intelligence.

This data comes from the Cost Management Information System (CMIS) and an internal CBP Canine Tracking System (Canine TS), which provide reliable source data for the drug methodology described above.

OFFICE OF INFORMATION AND TECHNOLOGY (OIT)

OIT's budget supports the drug enforcement mission through the acquisition, support, and maintenance of technology, and mission critical targeting application systems. Of OIT's spending, it is estimated that 10 percent of Automated Targeting Systems software application costs; TECS; and data center operations costs are in support of the drug mission. Of OIT's funding, it is estimated 40 percent is spent on drug interdiction and 60 percent is devoted to intelligence. The determinations surrounding the percentage of OIT spending that related to drug enforcement activities, specifically interdiction and intelligence, was determined through professional judgment, which provides reliable source data for the drug methodology described above.

OFFICE OF TRAINING AND DEVELOPMENT (OTD)

OTD calculates the portion of their budget attributable to drug control funding by issuing an annual data call for all projected National Training Plan (NTP) funded training courses to assess if courses contain any items related to drug enforcement material and activities. The curriculum of each course is reviewed, and subject matter experts determine course hours delivered related to drug enforcement for this task. If specific courses offered through the NTP contain drug enforcement related material, a specific percentage for that course is defined (hours related to drug enforcement training divided by the total number of course hours). Specific training programs identified include the canine training programs and basic, specialized, and advanced

training for CBP officers and agents. OTD's day-to-day operational resources are attributed to drug enforcement activities at the same rate as the NTP course delivery which is 13.20 percent for interdiction and 0.51 percent for intelligence for FY 2023. These percentages vary during the year of execution depending upon actual course delivery obligation rates.

AIR AND MARINE OPERATIONS

AMO is a critical component of CBP's border security mission and the DHS risk-based and multi-layered approach to homeland security. AMO applies advanced capabilities and employs unique skill sets to protect the Nation's borders and preserve America's security interests.

AMO is the lead operational component within CBP responsible for air and maritime border security. AMO's mission areas include air, maritime, and land law enforcement; domain awareness; extended border and foreign operations; and contingency and national security operations. In this capacity, AMO targets the conveyances that illegally transport narcotics, arms, and aliens across our borders and in the Source, Transit, and Arrival Zones. In FY 2023, AMO P-3 aircraft flew 5,131 hours in drug control efforts, which represents 86 percent of all AMO P-3 hours. These hours were in support of Joint Interagency Task Force-South (JIATF-S) in the Source and Transit zones. AMO P-3's participated in the interdiction of 145,273 pounds of cocaine in the Source and Transit zones. This equates to 28 pounds of cocaine for every counternarcotic hour flown.

AMO partners with USBP on land border security to provide close tactical ground support. Through operations such as wide-area surveillance, investigations, patrols, and tactical response in diverse environments, AMO is effectively able to perform counter-narcotics, prevention of imported and exported illegal merchandise or contraband, and other anti-smuggling/trafficking missions.

AMO also operates the Air and Marine Operations Center (AMOC). The AMOC is a key element in CBP's counter-network strategy, responsible for assessing and countering terrorism, transnational organized crime, and other illegal activities. The AMOC advises, guides, and directs the operational employment of sensor technologies for DHS and CBP, managing the air and maritime domain awareness architecture. It integrates multiple sensor technologies, intelligence, law enforcement databases, open-source information, and an extensive communications network. It monitors the airspace of major security events, and houses and collaborates with the Office of Intelligence via its Processing, Exploitation, and Dissemination cell that collects and analyzes multi-domain intelligence from a variety of sources, including CBP and USCG aircraft.

Using flight hours spent performing drug-related activities, AMO has determined that 82 percent of the budget resources that support AMO are considered drug-related. Of the total flight hours flown by AMO, 20 percent were related to intelligence and 80 percent were related to interdiction in FY 2023.

The source data for the financial information/flight hour information is retrieved from Air and Marine's official system of record, the Tasking and Operations Management Information System (TOMIS). TOMIS has undergone a verification and validation by DHS and has been referenced in several GAO and OIG reviews, which provides reliable source data for the drug methodology described above.

OFFICE OF INTELLIGENCE (OI)

The Office of Intelligence (OI) directly supports the counter narcotics mission through the deployment of personnel and resources dedicated directly to the drug enforcement mission. OI directly impacts the counter narcotics mission through program management, training, and source payments of the agency's confidential human source program, serving as the only geospatial analytic element within the Department of Homeland Security and conducting analysis to support ongoing investigations, change detection to drive law enforcement operations as well as strategic analysis and collections management to identify and illuminate previously unknown actors and threats. Overall, OI has a total of 72 full-time equivalent (FTE) intelligence research specialists dedicated to working on counter narcotics efforts.

OI serves as the national program manager for the CBP Confidential Human Source program (CHS), a program that has continued to grow each year in both personnel as well as in operational successes with OI providing training and certification to more than 150 CHS handlers. OI delivers between 3 and 4 CHS training classes each year for new source handlers with each course costing approximately \$720,000 per session. Since the beginning of fiscal year 2023, the CBP CHS program has been responsible for the seizure of 28,760 kilograms of narcotics with an estimated wholesale value of nearly \$388 million.

In FY 2023, the CHS program was responsible for approximately 16 percent of all narcotics seizures despite its personnel only accounting for 0.5 percent of CBP's law enforcement cadre. In addition to seizures, the CHS program is responsible for the production of more than 1,150 information and intelligence reports in fiscal year 2022, accounting for between 25 and 30 percent of all IIR production since 2016. OI has been responsible for CHS payments, approximately \$2 million per year, due to programmatic sensitivities we are unable to provide exact amounts related to narcotics seizures. In an effort to facilitate CHS operations and programmatic auditing, OI spends approximately \$100,000 per year on travel to facilitate these mandatory program audits and direct support to law enforcement partners.

OI has 5 FTE dedicated geospatial intelligence analysts supporting unmanned aerial surveillance of counter narcotics missions, totaling more than 11,884 hours last year. Direct analytic support of these missions resulted in the seizure of more than 11,652 kilograms of cocaine and 25,624 pounds of marijuana, 43 pounds of fentanyl, 45 pounds of methamphetamine, and 5 pounds of heroin seizures worth as much as \$510 million, as well as the apprehension of 11 high value targets or members of the FBI's most wanted cartel leaders list. OI geospatial analysts also conducted more than 6,000 hours of POLECAM exploitation supporting counter narcotics operations that resulted in the seizures of more than 250 kilograms of cocaine and 36 kilograms of fentanyl, seizures with a potential street value of more than \$11 million.

OI has a total of 46 FTE all source analysts in the Regional Intelligence Centers; analysts that provide daily intelligence support to narcotics investigations and operations to CBP, DHS, DEA and SLTT partners locally. These analysts provide direct case support as well as production of hundreds of serialized intelligence reports that are disseminated to the intelligence community. OI has also dedicated 21 FTE employees focused on counter narcotics at the strategic level, these analysts produce the only strategic analysis on narcotics within Customs and Border Protection and are also responsible for developing collection requirements and conducting coordination across the U.S. Intelligence Community.

2. Methodology Modifications

The drug control methodology for obligations used in FY 2023 remained the same as the methodology used in FY 2022 for the reported program offices, with two exceptions: the addition of the Office of Intelligence methodology and drug funding calculations, and the increased percentage in NII funding usage from 77 percent to 100 percent, with 100 percent to Interdiction, as described above.

3. Material Weaknesses or Other Findings

In FY 2023, CBP contributed to three of the Departmental material weaknesses: Information Technology Controls and Information Systems, Financial Reporting, and Seized and Forfeited Property Other than Monetary Instruments. However, CBP's control deficiencies did not impair CBP's ability to report complete and accurate obligation data in the Table of FY 2023 Drug Control Obligations. Also, during FY 2023, CBP joined other DHS components in continuing to make significant improvements in remediating areas of material weaknesses and worked to resolve financial reporting deficiencies through targeted remediation.

The IT Controls and Information Systems area of material weaknesses continues to affect the Department's ability to fully comply with financial management system requirements. While control deficiencies surrounding CBP's accounting system, SAP, were attributed to access controls, CBP had sufficient compensating controls to ensure accounting records were accurate. CBP continues to undergo system improvement and modernization efforts, along with the Department. The outcome of these efforts will efficiently enable the Department to comply with government-wide requirements and thus reduce the need for manual compensating controls.

This year, CBP also contributed to the material weakness finding for the reporting of seized and forfeited property that is in the custody of the Department. This deficiency includes a lack of effective controls over the complete and accurate recording of seized and forfeited property transactions in the system of record by CBP and ICE, and instances of ineffective internal communication between DHS Components and external communication with agencies receiving transferred seized property from DHS. DHS believes that the issues identified do not materially impact the judgment of a user of the financial statements. In FY 2023, CBP made improvements to the seized and forfeited property system of record to enhance data quality and fiscal reporting. CBP will join ICE and the Department to continue remediation efforts in this area to improve controls over the property system of record to include timely and accurate initial entries in FY 2024. 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 and operating going forward.

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. ONDCP approved all reprogrammings or transfers that individually or in aggregate exceed \$5 million or 10 percent of a specific program or account included in the National Drug Control Budget in FY 2023.

ONDCP has reviewed and approved the following DHS reprogrammings and transfers:

- Border Wall Reprogramming in the amount of \$73 million. Although this funding is related to drug control, this reprogramming was a net zero realignment from non-levée to levee funding, thereby not impacting the net amount of available USBP drug control funds.
- Budgeting & Employee Scheduling Application (BESA) Development in the amount of \$9.88 million. Neither “use” nor “source” of funds affect drug interdiction or intelligence efforts, as this was a transfer of PC&I funding to O&S funding.
- Behavioral Health Services in the amount of \$26.31 million. Neither “use” nor “source” of funds contribute to drug interdiction or intelligence efforts.
- Southwest Border Requirements in the amount of \$108.19 million. This transfer reduced drug related budgetary resources for AMO (\$4.6M), OFO (\$2.7M), and OI (\$1.2M), and increased drug related budgetary resources for USBP (\$87.8M).
- The Department of Homeland Security’s CBP - Support TDY Costs of TSA Personnel to DOJ in the amount of \$85,000. Neither “use” nor “source” of funds contribute to drug interdiction or intelligence efforts.
- The Department of Homeland Security’s Southwest Border Emerging Requirements & Operational Shortfalls in the amount of \$420.45 million. This transfer/reprogramming increased drug related budgetary resources for USBP (\$12.8M).

Overall, these transfers/reprogrammings increased CBP’s drug related budgetary resources by a net of \$92.1 million for FY 2023.

5. Other Disclosures

There are no other disclosures that CBP has determined are necessary to clarify any issues regarding the data reported under ONDCP Circular: *National Drug Control Program Agency Compliance Reviews*, dated September 9, 2021.

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

CBP asserts that the methodology used to estimate drug enforcement related obligations is reasonable and accurate. The criteria associated with this assertion are as follows:

a. Data

The estimate of drug enforcement related obligations is based on the methodology described in section A.1 above. This drug methodology, and the systems used to support this methodology, such as TOMIS, CMIS, and AMOSS present a fair and accurate picture of the CBP drug enforcement mission.

b. Financial Systems Security

CBP's financial system, SAP, yields data that fairly presents, in all material respects, aggregate obligations from which drug-related obligation estimates are derived.

As stated in the IT general and application control weaknesses noted in section A.3, CBP's financial systems issues related to SAP are based on access control and CBP has compensating controls to ensure CBP can provide data that fairly represent, in all material respects, aggregate obligations. The drug methodology described in section A.1 above is used to estimate what portion of these obligations may reasonably be associated with drug enforcement related activities.

3. Application of Drug Methodology

The methodology described in section A.1 above was used to generate the Table of FY 2023 Drug Control Obligations.

4. Material Weaknesses

All material weaknesses or other findings by independent sources, or other known weaknesses, including those identified in CBP'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 CBP's methodology for reporting drug control resources from the previous year's reporting, with two exceptions: the addition of the Office of Intelligence methodology and drug funding calculations, and the increased percentage in NII funding usage from 77 percent to 100 percent, with 100 percent to Interdiction, as described above.

CBP is also in the process of updating the methodology for several of the ONDCP Program Offices in order to provide the most accurate funding amounts, while also increasing our capability to provide accurate reports and calculations reflecting those amounts.

Prior approval was obtained verbally from ONDCP for these changes, and CBP will obtain full written approval once all other methodologies have been updated.

6. 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 ONDCP's approval of all reprogramming 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)).

7. Fund Control Notices

The Director of National Drug Control Policy did not issue a Fund Control Notice for CBP for FY 2023.



OFFICE OF INSPECTOR GENERAL

U.S. Department of Homeland Security

Appendix A: Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
Deputy Chiefs of Staff
General Counsel
Executive Secretary
Director, GAO/OIG Liaison Office
Under Secretary, Office of Strategy, Policy, and Plans
Assistant Secretary for Office of Public Affairs
Assistant Secretary for Office of Legislative Affairs

U.S. Customs and Border Protection

Commissioner
Chief Financial Officer
Audit Liaison
Chief Accountability Officer, CBP

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees

Office of National Drug Control Policy

Associate Director for Management and Administration

Additional Information

To view this and any other DHS OIG reports, Please visit our website: www.oig.dhs.gov

For further information or questions, please contact the DHS OIG Office of Public Affairs via email: DHS-OIG.OfficePublicAffairs@oig.dhs.gov



DHS OIG Hotline

To report fraud, waste, abuse, or criminal misconduct involving U.S. Department of Homeland Security programs, personnel, and funds, please visit: www.oig.dhs.gov/hotline

If you cannot access our website, please contact the hotline by phone or mail:

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