Management Letter for
U.S. Immigration and Customs Enforcement’s
FY 2009 Consolidated Balance Sheet
Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the Homeland Security Act of 2002 (Public Law 107-296) by amendment to the Inspector General Act of 1978. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report presents the management letter for U.S. Immigration and Customs Enforcement’s (ICE) fiscal year (FY) 2009 consolidated balance sheet audit. It contains observations related to internal controls that did not reach the level required to be reported in the balance sheet report. Other internal control weaknesses which are considered significant deficiencies were reported, as required, in KPMG LLP’s (KPMG) Independent Auditors’ Report, dated December 18, 2009. KPMG performed the audit and is responsible for this management letter and the conclusions expressed in it. We do not express opinions on ICE’s consolidated balance sheet or provide conclusions on compliance with laws and regulations.

The observations herein have been discussed in draft with those responsible for implementation. We trust this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

Richard L. Skinner
Inspector General
December 18, 2009

Assistant Secretary of the Department of Homeland Security
Immigration and Customs Enforcement, and Inspector General,
Department of Homeland Security

Ladies and Gentlemen:

We have audited the accompanying consolidated balance sheet of the U.S. Department of Homeland Security (DHS) Immigration and Customs Enforcement (ICE) as of September 30, 2009, and have issued our report thereon dated December 18, 2009. In planning and performing our audit of the consolidated balance sheet of ICE, in accordance with auditing standards generally accepted in the United States of America, we considered ICE’s internal control over financial reporting by obtaining an understanding of ICE’s internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated balance sheet. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers’ Financial Integrity Act of 1982. The objective of our audit was not to express an opinion on the effectiveness of ICE’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ICE’s internal control over financial reporting.

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 and are presented at Exhibit I.

In addition, we identified certain deficiencies in internal control that we consider to be significant deficiencies and/or material weaknesses, and communicated them in writing to management and those charged with governance.

Our audit procedures are designed primarily to enable us to form an opinion on the consolidated balance sheet, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the ICE 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.
Director of the Department of Homeland Security  
Immigration and Custom Enforcement, and Inspector General,  
Department of Homeland Security  
December 18, 2009  
Page 2  

ICE management has indicated in a separate letter immediately following this report that it concurs with the findings presented in Exhibit I. We did not audit ICE’s responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of ICE’s management, management of DHS, DHS’s Office of Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP
Management Letter Comments
Exhibit I – Control Deficiencies

I-A Accrued Payroll & Benefits

*Background:* Each pay period, employees are responsible for electronically submitting to their supervisor a Time and Attendance (T&A) worksheet inclusive of leave and overtime requests. The T&A worksheet is completed and submitted within the web-based time and attendance portal, WebTA, which reports the daily hours worked by the employee during the pay period. The timekeeper then reviews and approves the timesheet. When the timekeeper approves the timesheet, it is shown as “validated” in WebTA.

After the timekeeper validates the timesheet in WebTA, a report is generated, which breaks down the hours worked by the employee for the two week period by regular time, annual leave, other leave, military leave, and sick leave. The timekeeper then forwards the WebTA report to the employee’s supervisor (or second-line supervisor) for a secondary review of the payroll data. When the supervisor approves the timesheet, it is shown as “certified” in WebTA. Once the WebTA report is certified by the supervisor, the timekeeper prepares the data to be transmitted from WebTA to the U.S. Department of Agriculture National Finance Center (NFC) database.

After a pay period is processed through the NFC database, a Leave Error Report is generated. The Leave Error Report identifies the employees with discrepancies between the leave balance on NFC’s records and the leave balance submitted through WebTA. The timekeepers for these employees are responsible for retrieving these leave error reports from WebTA to begin the leave audit process.

The leave audit requires the timekeepers to research and resolve the errors identified on the Leave Error Report. Leave errors are commonly caused by an adjustment of leave hours that were made by the program office and not communicated to NFC, or vice versa. The timekeeper must review the employees T&A records and NFC database to determine the accurate leave balance. If the audit reveals an error on the T&A worksheet, the timekeeper updates the current T&A in the WebTA database. If it is determined that the NFC database is in error, the timekeeper must complete a Leave Audit Memorandum and a Leave Audit form. The audit memorandum identifies the employee, timekeeper, cause of the error, and the correction to be made. The Leave Audit form details the calculation performed to arrive at the correct leave balance. These documents are then sent to the appropriate Customs and Border Protection (CBP) Personnel Office (i.e., Dallas or Laguna), ICE’s human resources service provider. The CBP Human Resource (HR) Specialists are responsible for reviewing the leave audit and correcting the NFC leave balances, if the NFC balance was determined to be in error. If the CBP HR Specialist disagrees with the results of the leave audit, they will notify the timekeeper and request that the leave audit be re-performed. Leave errors identified are expected to be researched and cleared within 2 pay periods.
Management Letter Comments
Exhibit I – Control Deficiencies

Condition: We identified several instances where the annual leave and sick leave hours reported by NFC did not agree to the annual and sick leave hours recorded in the WebTA database. For those differences identified, we requested evidence (i.e., leave audits) of measures taken to correct the balance. The timing of the requests would have provided adequate time for the outstanding errors to be corrected; a minimum of 5 pay periods. However, as these errors remained outstanding well over 5 pay periods subsequent to being identified, it was evident differences in the leave balances between the NFC records and WEBTA reports are not being researched and resolved timely. The following table provides the details of the leave hour variances between the WebTA and NFC databases observed during our test work:

<table>
<thead>
<tr>
<th>Sample No.</th>
<th>Pay Period</th>
<th>Leave Type</th>
<th>WebTA Leave Balance (Days)</th>
<th>NFC Leave Balance (Days)</th>
<th>Difference Between WEBTA and NFC End Bal (Days)</th>
<th>No. of Pay Periods Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>1-2009</td>
<td>Annual</td>
<td>248</td>
<td>331</td>
<td>(83)</td>
<td>&gt;9</td>
</tr>
<tr>
<td>9</td>
<td>1-2009</td>
<td>Annual</td>
<td>100.5</td>
<td>96.5</td>
<td>4</td>
<td>&gt;18</td>
</tr>
<tr>
<td>24</td>
<td>9-2009</td>
<td>Sick</td>
<td>582</td>
<td>574</td>
<td>8</td>
<td>&gt;18</td>
</tr>
<tr>
<td>29</td>
<td>23-2008</td>
<td>Annual</td>
<td>261</td>
<td>265</td>
<td>(4)</td>
<td>&gt;18</td>
</tr>
</tbody>
</table>

Cause/Effect: Timekeepers are not performing leave audits in a consistent and timely manner to correct leave errors identified between the NFC database and the WebTA system. The untimely and/or lack of performance of leave audits has the potential to result in a misstatement of an employee’s leave balance. As a result, an employee may take leave in excess of his or her available balance or be denied leave due to a lack of available leave, when in fact, the employee had sufficient leave available. Further, a misstatement of an employee’s leave balances at the end of the fiscal year could result in the misstatement of the liability recorded for accrued annual leave.

Criteria: Per the WebTA homepage as furnished by ICE’s intranet, www.iceintranet.ice.dhs.gov, “Effective April 15, 2009, the distribution of the National Finance Center (NFC) Leave Error Report (LER) has been assigned to the ICE Office of Financial Management Twin Cities Payroll Accounting Office. The LER identifies discrepancies between WebTA, the online ICE time and attendance system, and the official leave records maintained by the NFC. Because ICE employees rely on the leave information recorded in WebTA, and there are currently a very large number of outstanding leave errors, the timely resolution of ICE leave discrepancies requires your immediate attention and support...A leave audit is required to be completed within 2 pay periods for all leave discrepancies identified on the LER.”
Management Letter Comments
Exhibit I – Control Deficiencies

The Standards for Internal Control in the Federal Government issued by the Government Accountability Office (GAO) states that “Transactions should be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from the initiation and authorization through its final classification in summary records. In addition, control activities help to ensure that all transactions are completely and accurately recorded.”

Recommendation: We recommend that the timekeepers:
1 Adhere to existing policy and procedures by performing leave audits when discrepancies are reported by NFC and researching and resolving the differences in a timely manner.

In addition, we recommend that the Office of Human Resources:
2 Reiterate to all timekeepers the existence of the procedures outlined in the ICE Summary of Leave Audit Procedures and re-emphasize the importance of adhering to policies and procedures.
3 Develop and implement controls to monitor the execution of its policies and procedures, particularly related to leave audits, to ensure that they are being adhered.

Management Response I-A: See attachment at end of this report for ICE management’s concurrence.

I-B Human Resources

Background: Based on a shared service agreement, in previous years ICE has contracted CBP to perform the personnel and payroll functions for all ICE employees across the United States and abroad. However, ICE has since taken back control of the payroll processes such as hiring, promotion, and termination. CBP continues to handle HR processes such as Leave Audits and Missing T&A Reports. The CBP offices for ICE are located in the Dallas Service Center (Dallas, TX) and the Laguna Service Center (Laguna Niguel, CA). The ICE HR Office is located at ICE Headquarters (HQ) in Washington, D.C. Both CBP offices along with ICE HR at HQ are collectively referred to as HR, and are responsible for the personnel functions for the ICE employees.

After an office indicates a need for personnel, HR initiates Form SF-52, Request for Personnel Action, to request a new hire action. Once a candidate is selected, HR begins processing the SF-52 in ICE’s system for personnel actions, Electronic System for Personnel (ESP). The SF-52 requires two types of approval: 1) to verify that funding for a position is available; and 2) to authorize the initiation of the hiring process for the employee. The first approval verifies funding for each new position. ESP interfaces with TOPS (Table Organization Position System) to download data for the position, including department, geographical location code, and title. Based on this information, TOPS then ensures that there is appropriate funding for the position.
A funding official then electronically authorizes the SF-52 within ESP. After funding approval, the SF-52 is routed to the HR offices at Dallas, TX, Laguna Niguel, CA, or Washington, DC. (HQ) for the second approval, which authorizes the processing of the SF52. The HR Specialist reviews the information entered onto the SF-52 and verifies that all information entered is supported by a completed election form and in compliance with government HR laws and regulations. For example, based on the U.S. Office of Personnel Management (OPM) approved pay tables, the HR specialist verifies that the employees annual pay is the authorized salary for the pay grade and step assigned to the employee per the SF-52. Benefits information such as health and life insurance is entered based only on the election forms completed by the employee. Upon completion of this review, the HR Specialist electronically authorizes the SF52 for processing within ESP.

Following the approvals, the SF-52 is batched to the National Finance Center (NFC) and uploaded into the Entry Processing Inquiry and Correction (EPIC) system, a database of the NFC. EPIC performs edit checks on the SF-52 to ensure the SF-52 is accurately uploaded onto the NFC database. When the SF-52 is batched, EPIC generates an error report identifying any errors. The HR Specialist must resolve all errors for the SF-52 to be accepted by NFC. Upon resolution, the SF-52 is re-processed. Once the SF-52 is successfully processed, Form SF-50, Notification of Personnel Action, is generated.

Form SF-50 is evidence that the SF-52 has been processed. The SF-50 reflects any updates made to the SF-52 and includes personnel data entered onto the SF-52 including pay data, retirement, and life insurance information. The HR Specialist compares the SF-50 with the SF-52 to ensure that the SF-50 agrees to the SF-52 or has been updated based on any errors previously corrected. After this secondary review, the SF-52 process is complete.

Another part of the Human Resources process consists of Payroll Reclassifications. Payroll Reclassifications are processed by the Payroll and Accountability Reporting (PAR) Office in Minneapolis, MN for ICE and its Components: Departmental Management Operations (MGT), National Preparedness and Protection Directorate (NPPD), and Science and Technology (S&T). There are two types of reclassification transactions: 1) Individual and 2) Management/Manager Level.

An individual reclassification is initiated in the field office by program/resource officials. A reclassification worksheet must be completed to request this action. This worksheet must be approved by an official who is cited on the designated list of authorized approvers (compiled by each bureau). Once the listing has been approved at the field office, the Individual Reclassification is sent to the PAR office via email, mail, or fax. The PAR office only accepts Individual Reclassifications from individuals on the designated list of authorized approvers for the respective bureau.
Management Letter Comments
Exhibit I – Control Deficiencies

Conditions: During the new hire testing over 45 payroll transactions of which 27 were tested at the Laguna Service Center, we identified 1 instance where the SF-52 was coded with the incorrect Service Computation Date (SCD). On new hire personnel actions (SF-52), the SCD date matches the processing date of the SF-52 unless the employee has prior government work history. As such, when the SCD date does not match the effective date of the SF-52, we must obtain evidence to support the SCD date. For 1 employee, the effective date of the SF-52 was 5/4/09 and the SCD date was 4/26/09. In response to the requested support for this SCD date, the Laguna Service Center stated that the SF-52 was originally processed with the incorrect processing date of 4/26/09, and later changed to the correct processing date of 5/4/09. The Laguna Service Center originally entered the SCD date based on the incorrect processing date of 4/26/09 and failed to update the SCD date to 5/4/09 upon correction of the SF-52. We determined that this error has since been corrected, but only subsequent to our site visit.

In addition, during the reclassification test work, we obtained a listing of employees who received a pay check during the pay periods from October 1, 2008 through May 31, 2009. We randomly selected a sample of 45 instances where employee payroll reclassifications were made. During the testing, we identified one exception. On the May 12, 2009 processing date, the S&T reclassification request (JV # 0001) was requested by an appropriate individual; however, there was no evidence of review by a separate authorized approver. We observed that the requestor was listed on the May 11, 2009 "List of Individuals Authorized to Approve the Federal Financial Management System (FFMS) Payroll Reclassification Worksheets IT 2009." However, to ensure appropriate segregation of duties, there should be a different individual (with approval rights) performing the approval.

Cause/Effect: The incorrect coding of the SF-52 is indicative of the Laguna Service Center’s inadequate review over the processing of personnel actions and was due to a clerical error. While in this instance the lack of review did not have an effect on the ICE financial statements, inadequate supervisory review over the processing of SF-52’s could result in the transmittal of inaccurate payroll information to the NFC for payroll processing and potentially cause a misstatement in accrued payroll and benefits.

The exception identified during the payroll reclassification test work was caused by the PAR office not obtaining a separate approver for this selected reclassification transaction. Failure to obtain separate and distinct reclassification authorizations from a requestor and an approver could allow the occurrence of improper payroll reclassifications.

Criteria: OMB Circular A-123 states that “Appropriate internal control should be integrated into each system established by agency management to direct and guide its operations…internal control applies to program, operational, and administrative areas as well as accounting and financial management.”
Management Letter Comments
Exhibit I – Control Deficiencies

The Standards for Internal Control in the Federal Government issued by the Government Accountability Office (GAO) states that “Management and employees should establish and maintain an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management…Good human capital policies and practices are another critical environmental factor. This includes establishing appropriate practices for hiring, orienting, training, evaluating, counseling, promoting, compensating, and disciplining personnel. It also includes providing a proper amount of supervision.” In addition, GAO states that “Control activities are the policies, procedures, techniques, and mechanisms that enforce management’s directives, such as the process of adhering to requirements for budget development and execution…Control activities help to ensure that all transactions are completely and accurately recorded.”

In addition, per the PAR Instructions for Individual Reclassifications, "The FFMS Payroll Reclassifications are sent to the Payroll Accounting and Reporting Section for processing via mail, email, express mail, or by fax. Upon receipt of a completed FFMS Payroll Reclassification Worksheet, a cursory review is to be performed by the approver to ensure that the form has been completed properly including an appropriate authorization/signature."

Recommendations: We recommend that:
1. The Laguna Service Center develop, document, and implement Standard Operating Procedures (SOP) for the processing of personnel actions at the Laguna Service Center.
2. The PAR office adhere to existing policies and procedures related to the processing of reclassification request.

Management Response I-B: See attachment at end of this report for ICE management’s concurrence.

I-C Fund Balance with Treasury (FBWT)

Background: The Statement of Differences (SOD) is an Internet application from the Government On-Line Accounting Link System II (GOALS II). This SOD provides Federal Program Agencies (FPAs) access to reconciliation data using a standard web browser to gain access to the Internet. The data available in this application allows agencies to identify differences between what has been processed through Treasury’s collection systems, disbursing systems, and the Intragovernmental Payment and Collection system (IPAC) and what the agencies have classified on their monthly Statements of Transactions (SF-224).

Although Treasury prepares the SOD using GOALS II, Treasury also requires agencies to reconcile their FBWT accounts on a regular and recurring basis to assure the integrity and accuracy of the data reported on the internal and external financial reports/statements.
addition to performing the reconciliation, federal agencies are tasked with researching and resolving the differences identified on the GOALS II SOD report within 2 months of occurrence.

Conditions: The Dallas Finance Center (DFC) prepares a monthly Statement of Differences (SOD) based on the transaction processed at their office for ICE, the United States Citizenship & Immigration Services (USCIS), MGT, NPPD, Office of Health Affairs (OHA), and S&T. While performing the interim test work over the April SOD reconciliation, we determined that ICE and MGT had differences that were older than 60 days (2 months). The total number of differences not cleared within 60 days was 53 (48 for ICE and 5 for MGT).

Cause/Effect: The following issues contributed to the untimely resolution of differences identified on the SOD: (1) ICE’s inability to post transactions from the new debit card process, which was established in December 2008, to FFMS until March 2009, and (2) the inability of ICE’s staff to properly enter transaction dates in the general ledger (GL) when correcting SOD differences, which prevents the differences from clearing the SOD. Differences that are not properly researched and resolved in a timely manner compromise the reliability of FBWT balances, as well as other United States Standard General Ledger (USSGL) balances contra to the USSGL 1010 account, and Treasury’s published financial reports. This, in turn, may compromise the overall integrity and status of DHS’ financial reports and the Government’s financial position.

Criteria: Agencies should identify and clear differences on the SOD within 2 months of occurrence. See Treasury’s website http://fms.treas.gov/fundbalance/procedure.html#why%20reconcile for additional details.

Recommendations: We recommend that DFC establish and implement policies and procedures to ensure each difference identified on the SOD is properly researched and resolved within 2 months (60 days) as noted on Treasury’s website.

Management Response I-C: See attachment at end of this report for ICE management’s concurrence.

I-D Financial Reporting

Background: The Office of Management and Budget (OMB) reviews each SF-132, Apportionment and Reapportionment Schedule, prepared by the budget offices and approves each action signifying what can be spent for a specific Treasury Account Fund Symbol (TAFS). The Deputy Associate Director of OMB approves the SF-132 by signature or stamp. OMB apportions budget authority to each agency or activity, usually on a quarterly basis, over the duration of the appropriation’s availability for obligation. The apportionments are granted to DHS, and OMB returns the approved apportionment schedule back to the ICE Budget Office.
Management Letter Comments
Exhibit I – Control Deficiencies

The ICE Budget Office sends the SF-132 to the Office of Financial Management (OFM) via fax, or email.

The SF-133, Report on Budget Execution, is a report that contains information on the sources of budget authority and the status of budgetary resources by individual TAFS. On a monthly basis, OFM generates the SF-133s for ICE and the DHS Components (MGT, NPPD, and S&T) from data in FFMS and reconciles the SF-132 with the SF-133 which will identify differences between the anticipated funding (SF-132) and the actual activity for the period (SF-133). The results of the reconciliation are forwarded to the budget offices on a quarterly basis.

Conditions: We performed test work over the third quarter FY 2009 SF-132/ SF-133 Reconciliation for ICE and the DHS Components. During our test work, we determined that ICE OFM was unable to provide support indicating that they provided the reconciliation to the MGT (OPSP) and USVISIT (BTSP) budget offices for research and resolution.

Cause/Effect: ICE OFM was unable to provide supporting documentation that they submitted the 3rd quarter reconciliation to the budget offices for MGT and USVISIT. Failure to submit the reconciliations to the budget offices may prevent the timely resolution of differences identified between the SF-132 and the SF-133 (information generated from FFMS). Additionally, not providing the budget offices with the SF-132/SF-133 reconciliation can increase the risk of one of the entities exceeding their authorized budgetary authority.

Criteria: ICE’s policy over the SF-132 and SF-133 reconciliation indicates that ICE OFM must reconcile the SF-132 to the SF-133 on a monthly basis and distribute it to the budget offices to research and resolve significant differences. Additionally, ICE OFM must reconcile the SF-132 to the SF-133 on a quarterly basis and distribute it to the budget offices regardless of the significance of the differences identified, if any.

The Standards for Internal Control in the Federal Government, issued by the Government Accountability Office, state that “transactions should be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from the initiation and authorization through its final classification in summary records. In addition, control activities help to ensure that all transactions are completely and accurately recorded.” Additionally, “control activities occur at all levels and functions of the entity. They include a wide range of diverse activities such as approvals, authorizations, verifications, reconciliations, performance reviews, maintenance of security, and the creation and maintenance of related records provide evidence of execution of these activities as well as appropriate documentation.”

Section 130 of OMB Circular A-11, Preparation, Submission and Execution of the Budget, states the following:
Management Letter Comments
Exhibit I – Control Deficiencies

“Because one of the main purposes of the SF-133 is to monitor the use of the funds planned on the SF-132 Apportionment, in general, your SF-133 should contain the same level of detail as your SF-132 Apportionment.”

Recommendations: We recommend that the Office of Financial Management adhere to the existing procedures by distributing the reconciliation of the SF-132 to the SF-133 to the budget offices on a quarterly basis.

Management Response I-D: See attachment at end of this report for ICE management’s concurrence.
I-E Obligation & Sub-Object Class (SOC) Codes

**Background:** When a contract has been awarded, the related obligation has to be manually entered into FFMS. The contract specifications include an obligating document number, funding strings, and sub-object class codes. Sub-object class (SOC) codes are used to report obligations based on the nature of goods or services that are being procured and their expense classification. The SOC codes impact the classification of the related activities as expenses or capitalized assets, and to which program they belong.

**Conditions:** During our FY2009 testing procedures over ICE disbursements, we determined that 2 out of 294 sample items were posted against erroneous SOC codes in FFMS for the July 31, 2009 testing period. The following table outlines the exceptions identified.

<table>
<thead>
<tr>
<th>Sample No.</th>
<th>Vendor</th>
<th>Invoice No.</th>
<th>Obligation Number</th>
<th>Sample Amount</th>
<th>Description of Purpose Per Invoice</th>
<th>SOC Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Net Direct Systems, LLC</td>
<td>44926833</td>
<td>HSCESS09J00002</td>
<td>$(25.00)</td>
<td>Goods - New DROBO, 4Bay FW800 &amp; USB 2 Data storage technology system</td>
<td>GE-22-00-00: Transportation of Things</td>
</tr>
<tr>
<td>53</td>
<td>Electronic Data Systems</td>
<td>U2339655</td>
<td>HSCETC08J000110</td>
<td>$(264,655.41)</td>
<td>Fixed Price Maintenance</td>
<td>GE-25-70-00: Detention Guard Contract</td>
</tr>
</tbody>
</table>

**Cause/Effect:** Lack of adequate supervisory review to ensure personnel responsible for assigning SOC codes to obligations and/or recording them into FFMS use the correct codes. The inability to accurately record SOCs for financial transactions may result in misstatements to related balances in the financial statements.

**Criteria:** The Office of Management and Budget Circular A-123 states that transactions should be promptly recorded, properly classified and accounted for in order to prepare timely accounts and reliable financial and other reports.
Management Letter Comments
Exhibit I – Control Deficiencies

Recommendations: We recommend that ICE perform the following:

1. Continue to instruct the ICE employees responsible for assigning SOC codes on the criteria for selecting the proper SOC code.
2. Reinforce controls over the ICE employees responsible for recording obligations to ensure that obligations are assigned the proper SOC code in FFMS.

Management Response I-E: See attachment at end of this report for ICE management’s concurrence.
MEMORANDUM FOR: Inspector General
Department of Homeland Security

FROM: Radha C. Sekar
Chief Financial Officer
U.S. Immigration and Customs Enforcement

SUBJECT: Management Response to Management Letter Report on
U.S. Immigration and Customs Enforcement’s Fiscal Year 2009
Consolidated Balance Sheet

On behalf of U.S. Immigration and Customs Enforcement (ICE), I am responding to the draft report
entitled, “Management Letter for U.S. Immigration and Customs Enforcement’s Fiscal Year 2009
Consolidated Balance Sheet.”

We have reviewed and concurred with all weaknesses contained in the draft report. Mission Action Plans
(MAPs) outlining ICE’s strategy to correct the conditions we concurred with in the draft report will be
prepared and provided to KPMG. ICE will continue to work to resolve all auditoridentified weaknesses.

ICE appreciates the opportunity to review this year’s report and looks forward to continuing our
professional auditing relationship with your office. If you have any questions or would like additional
information, please contact me at (202) 732-3075, or a member of your staff may contact Kathy A. Hill,
Director, Office of Assurance and Compliance at (202) 732-6356.

Radha C. Sekar

Attachment
Appendix A
Report Distribution

**Department of Homeland Security**

Secretary
Deputy Secretary
Chief of Staff for Operations
Chief of Staff for Policy
Deputy Chiefs of Staff
General Counsel
Executive Secretariat
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
Chief Information Officer

**Immigration and Customs Enforcement**

Assistant Secretary
Chief Financial Officer
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