

**FINANCIAL MANAGEMENT:
Review of Assertions Included in the
U.S. Customs Service's
Fiscal Year 2000
Annual Reporting of Drug Control Funds**

OIG-01-064

April 20, 2001



Office of Inspector General

The Department of the Treasury

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U.S. Customs Service's Annual Reporting of Fiscal Year 2000 Drug Control Funds

Abbreviations

Customs	United States Customs Service
OIG	Office of Inspector General
ONDCP	Office of National Drug Control Policy
U.S.C.	United States Code



Report of the Office of Inspector General

*The Department of the Treasury
Office of Inspector General*

April 20, 2001

Charles Winwood
Acting Commissioner
United States Customs Services

We have reviewed the assertions in Section b of the accompanying U.S. Customs Service (Customs) Annual Reporting of Fiscal Year (FY) 2000 Drug Control Funds (Submission).

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertions in Section b of the accompanying Submission. Accordingly, we do not express such an opinion.

The Submission, including the assertions made, was prepared pursuant to 21 U.S.C. §1704(d) and Office of National Drug Control Policy (ONDCP) Circular: *Annual Accounting of Drug Control Funds* (Circular), dated December 17, 1999, and is the responsibility of Customs' management.

Customs drug methodology entailed the application of the percentage of total budgetary resources devoted to drug activities to the total obligations to determine the drug control obligations. The percentages applied were derived based on the relationship between total investigative hours spent and those spent on narcotics and money laundering cases as determined by subject matter experts.

In FY 2000, Customs made material changes to its drug methodology, which was approved by the ONDCP on February 13, 2001. The ONDCP Circular: *Annual Accounting of Drug Control Funds*, dated December 17, 1999 requires disclosures for methodology changes, their purpose, and the quantitative differences in the amounts reported using the new methodology versus the amounts that would have been reported under the old methodology. However, Customs did not make such disclosures.

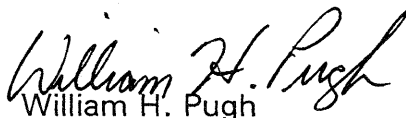
Because we were unable to review the reasonableness and accuracy of the methodology used in FY 1999, and we were unable to determine whether this methodology was the actual methodology used to generate the FY 1999 table of Drug Control Obligations, we could not assess the effect of the change in methodology.

Based on our review, with the exception of the matter described in the preceding paragraphs, nothing came to our attention that caused us to believe that the assertions included in Section b of the accompanying Submission are not presented in all material respects based on the requirements set forth in the Circular.

This report is intended solely for the information and use of the management of Customs, the Department of the Treasury, the ONDCP, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

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Should you or your staff have any questions, you may contact me at (202) 927-5430 or a member of your staff may contact Tom Moschetto, Director, Financial Management Audits, at (202) 927-5074. We appreciate the cooperation and the courtesies extended to our staff.


William H. Pugh

Deputy Assistant Inspector General for Financial Management and
Information Technology Audits
April 12, 2001

