

## U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT

### 1035.1: ADMINISTRATION AND MANAGEMENT OF EXTERNAL AUDITS

**Issue Date:** November 23, 2012  
**Effective Date:** November 23, 2012  
**Superseded:** U.S. Immigration and Customs Enforcement (ICE) Audit Liaison Office and Management of Audits Initiated by External Entities Directive, Directive 6-6.0 and all other policy documents about the administration and management of external audits issued by the former U.S. Customs Service or the former Immigration and Naturalization Service. Additionally, this Directive supersedes local guidance and procedures that are inconsistent with the contained policy, guidance, and procedures.

**Federal Enterprise Architecture Number:** 306-112-002b

1. **Purpose/Background.** The Audit Liaison Office (ALO) provides ICE with oversight and management of all non-investigative audits, inspections, and reviews (collectively audits) by the U.S. Government Accountability Office (GAO), the U.S. Department of Homeland Security (DHS) Office of the Inspector General (OIG), and other external entities. The ALO serves as the single point of contact for all external audits. The ALO supports the development of accurate and timely responses by ICE directorate and program offices, coordinates necessary sensitivity reviews and approval processes, and provides a centralized tracking capability for all audit actions and required documentation. This Directive outlines ICE's process for managing all external audits and defines the roles and responsibilities of key ICE personnel. This Directive applies to all ICE personnel.
2. **Policy.** The ALO serves as ICE's primary point of contact for all major audit events, and all ICE employees are required to cooperate with the ALO to respond to GAO, OIG, and other external entities conducting an audit, inspection, or review. The ALO is responsible for maintaining a record of all information related to an audit that is transmitted to an external entity. To ensure audit functions are appropriately centralized within the ALO, all directorates and program offices must provide the ALO with copies of all requests from and responses to GAO, OIG, and other external entities. Directorates and program offices must also provide the ALO with all information related to an audit, regardless of its type or classification, either before or during its transfer to external entities.
3. **Definitions.** The following definitions apply for purposes of this Directive only:

- 3.1 Announcement.** A written notification from an external entity informing ICE of its intent to conduct an audit.
- 3.2 Audit.** For the purpose of this Directive, the term "audit" will be used as a generic term covering audits, inspections, and reviews.
- 1) *Audit.* An independent administrative examination by GAO, OIG, or other authorized entities (including contract support working on behalf of such entities) of ICE directorates, program offices, activities, functions, processes, or records. Audits are conducted in accordance with the Government Auditing Standards (The Yellow Book) issued by the Comptroller General of the United States.
  - 2) *Inspection.* An independent examination by GAO, OIG, or other authorized entities (including contract support working on behalf of such entities) to determine flaws in the execution of organizational programs, policies, and processes. An inspector relies upon the laws, rulings, regulations, directives, procedures, and processes applicable to an agency or function. An inspector typically questions, compares, and analyzes ICE's application and interpretation of these elements.
  - 3) *Review.* Typically an independent examination of broad scope for the purpose of gaining greater general understanding of a situation, topic, or process.
- 3.3. Audit Closure.** An audit is closed upon formal request from ICE once the Mission Action Plan (MAP) responses have addressed the recommendations and are implemented. See section 3.12. An audit is not closed simply because a final report is issued.
- 3.4. Audit Coordinator.** The directorate or program office official who, on behalf of the directorate or program office, receives all audit tasks and coordinates the responses for his or her program, which includes, but is not limited to working with other directorates or program offices to produce audit-related information, assigning subject matter experts (SMEs) or designated program officials (DPOs) to draft a response, and providing any other directorate or program office inputs to audit reports.
- 3.5. Component Audit Liaison.** The Component Audit Liaison (CAL) serves as ICE's primary liaison to the DHS Audit Liaison. For ICE, the CAL is the Audit Liaison Officer.
- 3.6. Corrective Actions.** Measures or actions taken to implement resolved audit findings and recommendations. These measures or actions are outlined and communicated to external entities using a MAP.
- 3.7. Draft Report.** The preliminary presentation of audit findings. This report generally contains an executive summary, a background of the audit, the results of the audit, and the recommendations for executive action. Agencies are typically given 30 calendar days

to comment on GAO and OIG draft reports, barring circumstances, such as Congressional committee meetings, hearings, or calls for testimony.

- 3.8. **External Entity.** Any government agency or DHS organizational element not directly assigned under ICE's operational control, but possessing authority or permission to audit ICE (e.g., GAO, OIG, contract support from either of these, and the Internal Revenue Service).
- 3.9. **Final Report.** The final presentation of audit findings. The final report contains all of the information included in the draft report in addition to ICE's substantive responses to the draft report. When OIG transmits a final report to the Department's Secretary, it is considered to have been published and released. GAO's final reports are simultaneously published to Congress and to DHS and its components, as appropriate. The external entity usually releases unclassified final reports to the public, as well.
- 3.10. **Finding.** The answer to a key question posed by auditors or a deficiency noted by auditors and typically accompanied by recommendations.
- 3.11. **Headquarters Responsible Officials.** Executive Associate Directors (EADs) of Homeland Security Investigations (HSI), Enforcement and Removal Operations (ERO) and Management and Administration (M&A); and the Assistant Directors, Officers, or equivalent positions who report directly to the Director, Deputy Director, the Chief of Staff, or the EAD for Management and Administration.
- 3.12. **MAP.** A tool that management uses to structure its overall plan for remediating a control deficiency that:
  - 1) Includes milestones with specific dates and actions needed to correct the deficiency;
  - 2) Provides the means for identifying tasks that need to be accomplished and lists the names of individuals assigned to complete and oversee these tasks, thereby ensuring accountability over results;
  - 3) Serves as a management tool to address and resolve control deficiencies identified within individual DHS processes; and
  - 4) Details the strategies and resources required to accomplish the elements of the plan.
- 3.13. **Objectives.** What the audit is intended to accomplish, i.e., key questions about the directorate or program office that the auditors seek to answer based on evidence obtained and assessed against criteria. The auditor will notify ICE of the audit objectives either in its notification letter or during the entrance conference.

- 3.14. ALO Portfolio Manager (PM).** The person who oversees the announcement, entrance, exit, and report phase of the audit, resolves issues with audit teams and ICE employees, and maintains the integrity of the audit data.
- 3.15. Responses.** The component's responses prepared by its SMEs or DPOs that answer auditor requests or provide ICE's comment about an audit report by providing either direct technical responses or formally written substantive responses.
- 1) *Technical responses.* Written explanatory technical responses that are developed to properly communicate context or procedures. These include fulfillment of auditor requests for policies and procedures, access to data, site visits, briefings, presentations, demonstrations, interviews, and conducting technical reviews of reports or testimony. Technical responses are an immediate sharing of readily-available technical information, data or materials with the auditors.
  - 2) *Substantive responses.* The ICE Director and delegated leadership officials have the prerogative of providing substantive responses. Substantive responses can be formally written responses to questions posed to ICE as a whole or ICE's comments to an audit report.
- 3.16. Sensitivity Staff Attorney.** A staff attorney from the Office of the Principal Legal Advisor (OPLA) assigned to conduct sensitivity reviews.
- 3.17. Sensitivity Review.** A review to ensure that sensitive or controlled but unclassified information is correctly identified and labeled.
- 3.18. Statement of Facts (SOF).** An outline of the substantive findings that the auditor may provide to ICE prior to or at the time of the exit conference. An SOF typically precedes the audit draft report, but does not contain recommendations and is not a substitute for the draft or final reports.
- 3.19. Status.** The audit agency that makes a recommendation following an audit determines whether the recommendation response addresses the intent of the recommendation and if actions already taken provide adequate corrective action. GAO classifies recommendations in two categories: Implemented or Not Implemented. OIG uses the following categories:
- 1) *Unresolved and Open.* ICE's response does not address the intent of the recommendation (e.g., the MAP does not provide an acceptable alternative solution or ICE identified actions do not correct the underlying issue in the recommendation). As a result, the recommendation status remains "open" and ICE must continue to provide updated responses to the auditor until the recommendation is "resolved and closed."



- 2) *Resolved and Open*. ICE partially addresses the recommendation by providing an acceptable MAP or alternative solution to the issue in the recommendation. However, ICE lacks evidence or justification to close the recommendation. At this stage, ICE must continue to work toward completing the management actions described in the MAP.
  - 3) *Resolved and Closed*. ICE fully addresses the recommendation by providing an acceptable solution and evidence to the auditor. ICE demonstrates to the auditors that the MAP solution was implemented.
- 3.20. SMEs or DPOs.** ICE employees who are responsible for or have extensive knowledge about a particular program, subject, or the relevant organization. The Audit Coordinator designates these employees to provide information to the auditor during an audit. The auditor may contact SMEs or DPOs directly in order to obtain information, documents, and schedule interviews during an audit. SMEs or DPOs are assigned for a particular audit only.
- 3.21. Technical Review.** An SME's or DPO's review of an auditor's draft audit report or testimony. The purpose of a technical review is to identify any errors (factual, spelling, grammatical, syntax, contextual, etc.).
- 3.22. Tracking.** The use of business processes and electronic audit tracking systems to monitor correspondence, visits, meetings, compliance, performance, and other administrative actions associated with audits. ICE uses the Performance and Audit Tracking System (PATs).
- 4. Responsibilities.**
- 4.1. Headquarters Responsible Officials** are responsible for:
- 1) Ensuring employee compliance with this Directive;
  - 2) Selecting personnel from their immediate staff to serve as audit coordinators and act on their behalf for all directorate or program office audit matters;
  - 3) Properly reviewing any documentation to be submitted to auditors;
  - 4) Providing copies of all audit-related correspondence and information requests to the ALO; and
  - 5) Ensuring that directorate or program office officials provide the ALO copies of responses to each auditor information request in accordance with this Directive.
- 4.2. The ALO Branch Chief** is responsible for:

- 1) Serving as the CAL, or ALO, or designating someone to fulfill that role;
- 2) Referring all investigative matters related to employee misconduct that comes to the ALO's attention to the Office of Professional Responsibility;
- 3) Implementing all aspects of this Directive, including overseeing, administering, managing the performance of, and generally managing all audit-related matters;
- 4) Establishing and maintaining relations with auditors and DHS personnel to aid in coordinating and completing audits;
- 5) If required, meeting with relevant headquarters responsible officials to inform them of the scope of an audit and to develop a strategy to address the audit's objectives;
- 6) Eliminating unnecessary and redundant review processes for records, information, and interviews, consistent with the objective that auditors are given timely access;
- 7) Ensuring that ICE personnel provide external entities timely responses to requests for interviews, documents, formal responses to draft reports and final reports that include MAPs;
- 8) Informing the appropriate headquarters responsible officials of any matters that require immediate attention, including the need to release certain potentially sensitive information;
- 9) Ensuring that all correspondence, official ICE responses, entrance and exit notifications, and draft and final reports are recorded in PATS (hard copies must also be filed, as appropriate);
- 10) Ensuring that the Sensitivity Staff Attorney conducts sensitivity reviews of ICE responses and other information provided to an external entity when necessary;
- 11) Ensuring that official ICE responses to an external entity's audit-related inquiries are properly formatted, grammatically correct, and address the intent of the recommendation or inquiry;
- 12) Reviewing, revising, and submitting all ICE responses to DHS or external entities, including contract support;
- 13) Tracking, monitoring, and reporting the status of all MAPs;
- 14) Informing ICE leadership and relevant headquarters responsible officials that an audit has been closed;
- 15) Providing ICE employees with the required audit-related training;

16) Reporting employee violations of this policy or its authorities to the appropriate management officials; and

17) Delegating these duties, as appropriate.

**4.3. The CAL is responsible for:**

1) Maintaining relations with external audit agencies; and

2) Monitoring ICE's activities to ensure that external audit agencies are provided timely and appropriate access to records and employees.

**4.4. ALO Portfolio Managers (PMs) are responsible for:**

1) Coordinating with external entities and audit officials once an audit is initiated to ensure that ICE personnel understand and fulfill all requests on time;

2) Coordinating with all relevant audit coordinators and SMEs or DPOs assigned to ongoing audits to ensure that all documentation, including official ICE responses, are provided to external entities on time;

3) Managing all aspects of audits, including assigning audit-related tasks to ICE personnel; arranging and conducting meetings and conferences; and keeping accurate records of all meeting attendees, minutes, documents requested, SMEs contacted, and all other correspondence exchanged during the audit process;

4) Updating, cataloging and maintaining all relevant information and documents in PATS, including entrance and exit notifications, draft and final reports, correspondence, and official ICE responses;

5) Maintaining, tracking, and preserving paper files of documents in accordance with applicable records retention directives and policies;

6) Obtaining and distributing responses to audit-related materials, including correspondence, responses, reports, and the SOF;

7) Ensuring that official ICE responses to an external entity's audit-related inquiries are properly formatted, grammatically correct, and address the intent of the recommendation or inquiry;

8) Tracking the status of each audit recommendation until all ICE concurred recommendations are considered closed by the auditor; and

9) Requesting to have a copy of the SOF before the exit conference.

**4.5. OPLA is responsible for:**

- 1) Serving as ICE's legal counsel and point of contact on legal issues related to external audit-related issues when necessary;
- 2) As necessary, participating in entrance and exit conferences, reviewing audit announcements or initiation memoranda to determine and address substantive legal issues, reviewing the SOF and audit reports for legal sufficiency, drafting responses to recommendations, and coordinating assignments and meetings on audit-related issues; and
- 3) Assigning a staff attorney to the ALO (the Sensitivity Staff Attorney) to conduct ICE sensitivity reviews when necessary.

**4.6. The Sensitivity Staff Attorney is responsible for reviewing:**

- 1) When necessary, any information responses that have been marked by the directorate or program office as containing sensitive information;
- 2) Any unmarked documents that PMs identify as potentially having sensitive information and ensuring they are properly marked; and
- 3) The SOF, draft reports, and ICE's technical responses to ensure that no sensitive information is released.

**4.7. Audit Coordinators are responsible for:**

- 1) Providing copies of all audit-related correspondence and information requests to the ALO;
- 2) Designating SMEs or DPOs for all incoming audits;
- 3) Ensuring auditors have appropriate direct access to SMEs or DPOs;
- 4) Ensuring auditors have prompt access to records and interviews;
- 5) Designating all assignments received from the ALO as a priority and completing them on time;
- 6) Coordinating directorate or program office and SME or DPO responses through appropriate directorate or program office leadership;
- 7) Ensuring responses meet the quality standards established in Section 5.5 of this Directive;



- 8) Apprising the ALO regularly of the status of directorate or program office responses;
- 9) Reporting the detailed status of all MAPs initiated as a result of an audit to the ALO;
- 10) Providing copies of all auditors' requests for information and responses to the ALO PMs; and
- 11) Ensuring newly assigned SMEs or DPOs are properly trained on the audit process, procedures, and PATS.

**4.8. SMEs or DPOs are responsible for:**

- 1) Serving as the principal experts with substantive contextual and technical knowledge of the issues subject to the audit;
- 2) Responding to all audit-related assignments as administrative priorities;
- 3) Making themselves available for audit-related meetings and interviews;
- 4) Ensuring that all audit-related responses that fall within their subject matter expertise are submitted directly to external entities in a timely manner;
- 5) Providing the ALO with copies of all audit-related correspondence;
- 6) Providing their respective Audit Coordinator with copies of all auditors' requests for information and the responses to those requests;
- 7) Informing the ALO of any direct requests for information, interviews, data, or any other materials in a timely manner (if the request is verbal, the SME or DPO should confirm what the auditor is seeking via email and copy the ALO);
- 8) Conducting technical reviews;
- 9) Researching, developing, and writing thorough technical and substantive responses;
- 10) Clearing all official ICE responses for draft and final reports through their respective directorate or program office leadership prior to submitting them to the ALO;
- 11) Independently assessing the contents of any document prepared by an external entity to determine whether it includes any sensitive or controlled but unclassified information and to identify that information to the external entity; and
- 10) Requesting a copy of the SOF before the exit conference.

**4.9. Employees are responsible for:**

- 1) Responding to all audit-related assignments and information requests as administrative priorities;
- 2) Providing the ALO with copies of all audit-related correspondence and auditor requests for information, data, or materials in a timely manner;
- 3) Making themselves available for audit-related meetings and interviews;
- 4) Notifying the ALO of auditor information requests to ensure that the requests are not redundant or delayed;
- 5) Transmitting all ICE materials and information directly to auditors with a copy sent to the ALO; and
- 6) Complying with the applicable authorities and references cited in this policy concerning allegations of criminal activity, misconduct, fraud, waste, and abuse.

**5. Procedures/Requirements.**

**5.1. Phase 1: Announcement or Notification of Audit.** GAO, OIG, or other external entities notify ICE or DHS in writing that they intend to conduct an audit.

**5.2. Phase 2: Entrance Conference.** The PM arranges an entrance conference for the auditor under his or her purview and obtains as much information in advance regarding the audit scope and information sought.

- 1) The PM notifies the appropriate audit coordinators about the audit and provides them with relevant information.
- 2) Audit coordinators ensure that the appropriate SMEs or DPOs attend the entrance conference and are prepared to actively participate.
- 3) During the entrance conference, the auditors communicate the purpose and scope of the review and seek to obtain a fundamental understanding of the subject of the audit.

**5.3. Phase 3: Audit Fieldwork.** After the entrance conference, the audit coordinators and PMs coordinate with the appropriate SMEs or DPOs, whether located at headquarters or in the field, to facilitate auditor interviews of ICE personnel, expedite access to systems, and streamline information flow.

- 1) Auditor Support. Directorates or program offices will provide administrative and information technology support to auditors, as requested, including access to copiers, fax machines, telephones, cubicle space, and office supplies.

- 2) Information Requests. The auditor will request information either through the PM or directly from an ICE employee, SME, or DPO.
  - a) Frequently, information requests are made during telephone conversations or by email. If the request is verbal, the SME or DPO should confirm what the auditor is seeking via email and copy the ALO.
  - b) Requests may be redundant at times because auditors may ask multiple ICE employees for identical information.
  - c) ICE personnel must forward all responses to auditor information requests directly to the auditor, with a copy to the PM and the ALO.
- 3) Sensitivity Review. The SMEs are the primary level of protection from inappropriate disclosure of both “classified” and sensitive or controlled but unclassified information to the public.
  - a) Because the SMEs are most familiar with the context and importance of specific information, they are the most qualified individuals to make a sound judgment on the sensitivity of the information.
  - b) SMEs need to ensure that “sensitive” or “classified” information is properly identified (marked) to prevent an auditor’s unintentionally disclosing classified information to the public.
  - c) As an additional level of precaution, PMs must review information that is provided to the auditors. If the PMs are concerned that sensitive information is not properly marked, they will forward the documents to the Sensitivity Staff Attorney for review and copy the ALO.
  - d) Copies of all information provided to auditors during the course of an audit must also be provided to the ALO.

**5.4. Phase 4: Exit Conference.** Once the audit fieldwork is complete, the auditor holds an exit conference to review and discuss findings. The exit conference is the last opportunity for each directorate or program office official to interact and collaborate with the auditors. Each PM must assist the auditors in scheduling the exit conference and ensure that ICE is properly represented at the conference.

- 1) Prior to or at the time of the exit conference, the auditor may provide ICE with an SOF that presents the audit findings.
- 2) If the SOF is presented in advance, appropriate ICE officials must review the statement and prepare clear and concise technical and substantive comments that the

auditor can incorporate into the draft report. PMs are responsible for assigning all designated SMEs, DPOs, or other officials, as they deem appropriate, to review the SOF.

- 5.5. Phase 5: Draft Report.** Once the auditors have collected sufficient information, they compile findings and recommendations into a draft report. The PM distributes the draft report and tasks the appropriate personnel to review the report and develop response(s). ICE responds to auditor requests by providing either direct technical responses or formally written substantive responses. ICE's SMEs or DPOs prepare these responses.

1) Standards for Reviews and Responses.

- a) Technical Reviews. ICE provides supporting material only to correct errors or to demonstrate an important concept or context. The response does not require a substantive response bearing the Director's signature, but it must be transmitted through the ALO.
  - b) Technical Responses. ICE fulfills the auditor's requests for policies and procedures, access to data, site visits, briefings, presentations, demonstrations, and interviews. The SME or DPO may also conduct technical reviews of reports or testimonies. SMEs or DPOs must develop written technical responses that properly communicate the context or procedures addressed in the inquiry. They must research the responses, support them by documentation whenever possible, develop them fully, and write them well. Programs will submit the technical responses and supporting materials to the ALO for ICE leadership to review and transmit.
  - c) Substantive Responses. ICE leadership responds to questions that are posed to ICE as a whole, or those for which the auditor requires managerial perspective or context. The Director and delegated leadership officials have the prerogative to provide substantive responses. These responses must be researched, fully developed, written in the correct format, accurate, and complete. New substantive responses to auditors must be submitted to the ALO and approved by the appropriate leadership official.
- 2) Executive (Leadership) Review. Headquarters Responsible Officials must review and approve substantive responses submitted for the Director's review and signature before submitting them to the ALO.

- 5.6. Phase 6: Final Report.** The auditor publishes its final report with ICE's response to the draft report included in the appendices.

- 1) The auditor may close some or all of the recommendations if ICE's official response to the draft report provides sufficient evidence to resolve the findings highlighted in the draft recommendations.

- 2) The auditor will indicate whether or not a recommendation has been closed in the final report by stating the recommendation's status.
- 3) The corrective action phase starts if there are recommendations pending resolution subsequent to the final report.

**5.7. Phase 7: Corrective Action.** Following the publication of the final report, ICE must take corrective management actions to resolve the previously concurred audit recommendations. All actions must be completed in accordance with the standards, timeframes, and instructions established by the Office of Management and Budget, DHS, and ICE. ICE must develop and submit a MAP for any recommendation(s) with the status of "open."

- 1) If a recommendation is open, each affected directorate or program office must provide a MAP to the ALO within 45 days of the publication or release of the final report.
- 2) The ALO must ensure that the response to the final report, including a MAP, is properly reviewed and vetted through ICE leadership within the allotted timeframe. GAO requires the MAP within 60 days of a final report's release date. OIG requires the MAP within 90 days of the final report's release date.
- 3) Each affected directorate or program office must regularly provide an updated MAP to the ALO until the corrective action is complete. Updated MAPs are provided to GAO every 6 months and to OIG every 90 days.
- 4) For both GAO and OIG audits, ICE must make every effort to resolve each recommendation and implement corrective action in full within 1 year of the final report's release date.

**5.8. Phase 8: Audit Closure.** After the MAP responses address the audit final report recommendations and are implemented to the satisfaction of the auditors, ICE must formally request that an audit be closed. An audit is not closed simply because a final report is issued.

**6. Recordkeeping.** All correspondence, official ICE responses, entrance and exit notifications, draft and final reports, and any other records generated as a result of this Directive will be stored and maintained in PATS, an electronic tracking system that the ALO oversees and manages.




**7. Authorities/References.**

- 7.1. Legislative Reorganization Act of 1970, Section 236, Public Law (Pub. L.). No. 91-510.
- 7.2. General Accounting Office Act of 1980, Pub. L. No.96-226.
- 7.3. Inspector General Act Amendments of 1988, Pub. L. No.100-504.
- 7.4. Homeland Security Act of 2002, Title 6, United States Code (U.S.C.).
- 7.5. The Department of Homeland Security (DHS) Financial Accountability Act of 2004, Pub. L. 108-330.
- 7.6. Inspector General Act of 1978, 5 U.S.C. Appendix 3.
- 7.7. 31 U.S.C. §§ 701-720.
- 7.8. 31 U.S.C. § 3529.
- 7.9. Office of Management and Budget (OMB) Circular A-11, Part 1, Section 22, Communications with Congress and the Public and Clearance Requirements (2011).
- 7.10. OMB Circular A-50, Revised, Audit Follow-up (Sept. 29, 1982).
- 7.11. DHS Management Directive (MD) 0810.1, The Office of Inspector General.
- 7.12. DHS Directive 077-02, Revision 01, "Relations with the U.S. Government Accountability Office" (June 8, 2010).
- 7.13. DHS Instruction 077-02-001, Revision 01, "Relations with the U.S. Government Accountability Office" (July 2, 2010).
- 7.14. DHS Directive 077-01, Revision 00, "Follow-up and Resolution for Office of Inspector General Report Recommendations" (Oct. 7, 2010).
- 7.15. DHS Instruction 077-01-001, "Instruction on Follow-up and Resolution for Office of Inspector General Report Recommendations" (Jan. 31, 2011).

**8. Attachments.** None.

9. **No Private Right.** These guidelines and priorities are not intended to, do not, and may not be relied upon to create any right or benefit, substantive or procedural, enforceable at law by any party in any administrative, civil, or criminal matter.



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