



Summary of Performance and Financial Information

Fiscal Year 2010



U.S. Customs and
Border Protection

About This Report

The U.S. Customs and Border Protection’s (CBP) Fiscal Year 2010 Summary of Performance and Financial Information Report is a comprehensive synopsis of CBP’s performance and financial information.

For FY 2010, CBP is using the alternative approach as identified in the Office of Management and Budget’s Circular A-136 to produce its Performance and Accountability Report (PAR) consisting of the following reports:

- **CBP Annual Financial Report:** Publication Date – January 25, 2011
- **CBP Annual Performance Report:** CBP will not produce an Annual Performance Report (APR) for FY 2010 because FY 2010 Government Performance and Results Act (GPRA) measures are being improved as a result of Department of Homeland Security’s (DHS) Quadrennial Homeland Security Review. However, CBP’s performance information will be included in DHS’s APR.

DHS’s APR publication date – February 15, 2011.

- **CBP Summary of Performance and Financial Information:** Publication Date – January 25, 2011

When published, the aforementioned reports will be located at our public website, www.cbp.gov.

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Message from the CFO



CBP is responsible for securing our Nation's borders while facilitating the movement of legitimate travel and trade vital to our economy. Few missions in the Federal Government are more important than ours, as the men and women of CBP work continuously to protect our

nation from dangerous people and dangerous goods. To counter the threat of terrorism and secure our borders, CBP relies on a balanced mix of professional law enforcement personnel, advanced technologies and fully modernized facilities and infrastructure.

CBP is the largest uniformed federal law enforcement agency in the country, with more than 20,000 CBP officers and 2,300 agricultural specialists stationed at air, land, and sea ports nationwide; and more than 20,000 Border Patrol agents and 1,200 Air and Marine agents guarding our southern, northern, and maritime borders. Every day, CBP processes over 1 million travelers and thousands of truck, rail and sea containers seeking to enter the United States. We protect more than 5,000 miles along the northern border, 1,900 miles along the southern border, and thousands of miles of shoreline. As a result of these activities, we seize illegal products before they enter the country (such as illegal drugs and counterfeit or dangerous merchandise), arrest criminals, and refuse entry to persons who should not enter the United States. We help mitigate threats to security by preventing terrorists, dangerous cargo, and other threats from boarding aircraft destined for or departing from the United States. On top of all of this, we also collect billions of dollars in revenue each month for the United States Government.

The purpose of this report is to update you on our stewardship of CBP's resources. While our primary missions

involve security and trade facilitation, we also continuously strive for excellence in financial management. Especially in light of the current global fiscal environment, we must use wisely the resources provided to us.

CBP has received an unqualified opinion on its full set of financial statements for a fifth consecutive year. The unqualified opinion on our FY 2010 financial statements is another positive reflection that CBP continues to demonstrate discipline and accountability in the execution of our fiscal stewardship responsibilities.

We are correcting issues identified by internal management evaluations in support of CBP's Management Assurances, as well as auditor-identified weaknesses in internal controls. I can provide reasonable assurance that the objectives of Section 2 (Management Controls) and Section 4 (Financial Management Systems) of the Federal Managers' Financial Integrity Act are being achieved. CBP is committed to addressing all of our financial management challenges by continuing to implement corrective measures that improve our oversight and accountability.

I would like to thank the men and women that make up this organization for the hard work they do every day. While processes and systems are important, first and foremost CBP and the Office of Administration rely on our employees to get the job done. How we continue to grow, improve, and remain successful is our collective challenge. Our goal remains to provide timely, reliable, and useful financial management information to Congress and the American public, and to enable the managers across CBP to make smart business decisions.

A handwritten signature in black ink, appearing to read 'E. Schied'.

Eugene H. Schied, Chief Financial Officer
U.S. Customs and Border Protection

Overview of CBP

Mission

CBP is the frontline border security agency within the Department of Homeland Security (DHS) charged with the priority mission of preventing terrorists and their weapons from entering the United States, while also facilitating the flow of legitimate trade and travel. CBP prevents narcotics, agricultural pests, and smuggled goods from entering the country and also identifies and arrests individuals with outstanding criminal warrants. CBP leverages its enforcement and intelligence-gathering capabilities to execute the mission of border and air-space security.

More than 58,700 CBP employees manage, control, and protect the Nation's borders at, and between, the official Ports of Entry (POE). CBP is responsible for protecting more than 5,000 miles of border with Canada, 1,900 miles of border with Mexico, and 95,000 miles of shoreline. CBP's mission is vitally important to the protection of the American people and the national economy.

Core Values

Vigilance is how we ensure the safety of all Americans. We are continuously watchful and alert to deter, detect, and prevent threats to our Nation. We demonstrate courage and valor in the protection of our Nation.

Service to Country is embodied in the work we do. We are dedicated to defending and upholding the Constitution and the laws of the United States. The American people have entrusted us to protect the homeland and defend liberty.

Integrity is our cornerstone. We are guided by the highest ethical and moral principles. Our actions bring honor to ourselves, our agency, and our country.

Fiscal Year 2010 Statistical Highlights

- Ports of entry: 331
- Border Patrol sectors: 20 (with 139 Border Patrol stations nationwide and 35 permanent checkpoints)
- Air units: 46 (1 Training location and 3 Radar/Communications locations)
- Marine units: 71 (2 Training locations and 1 Maintenance location)
- Trade entries processed: 28 million
- Total revenue collected: \$32 billion (includes custodial and entity revenue)
- Illegal narcotics seized: 2.7 million pounds (represents narcotics held by CBP until disposal or destruction) (CBP's Financial Statements Note 8 reports all seized illegal drugs, including steroids, and in kilograms instead of pounds.)
- Illegal alien apprehensions between the ports of entry: 463,382
- Inadmissible aliens interdicted at the ports of entry: 227,061
- Pedestrians and passengers processed: 352 million
- Conveyances processed: over 105 million
- Aircraft passengers processed: over 90 million
- Prohibited plant and animal materials seized at the ports of entry: 1,707,876
- Agricultural plant and pest intercepted at the ports of entry: 196,815

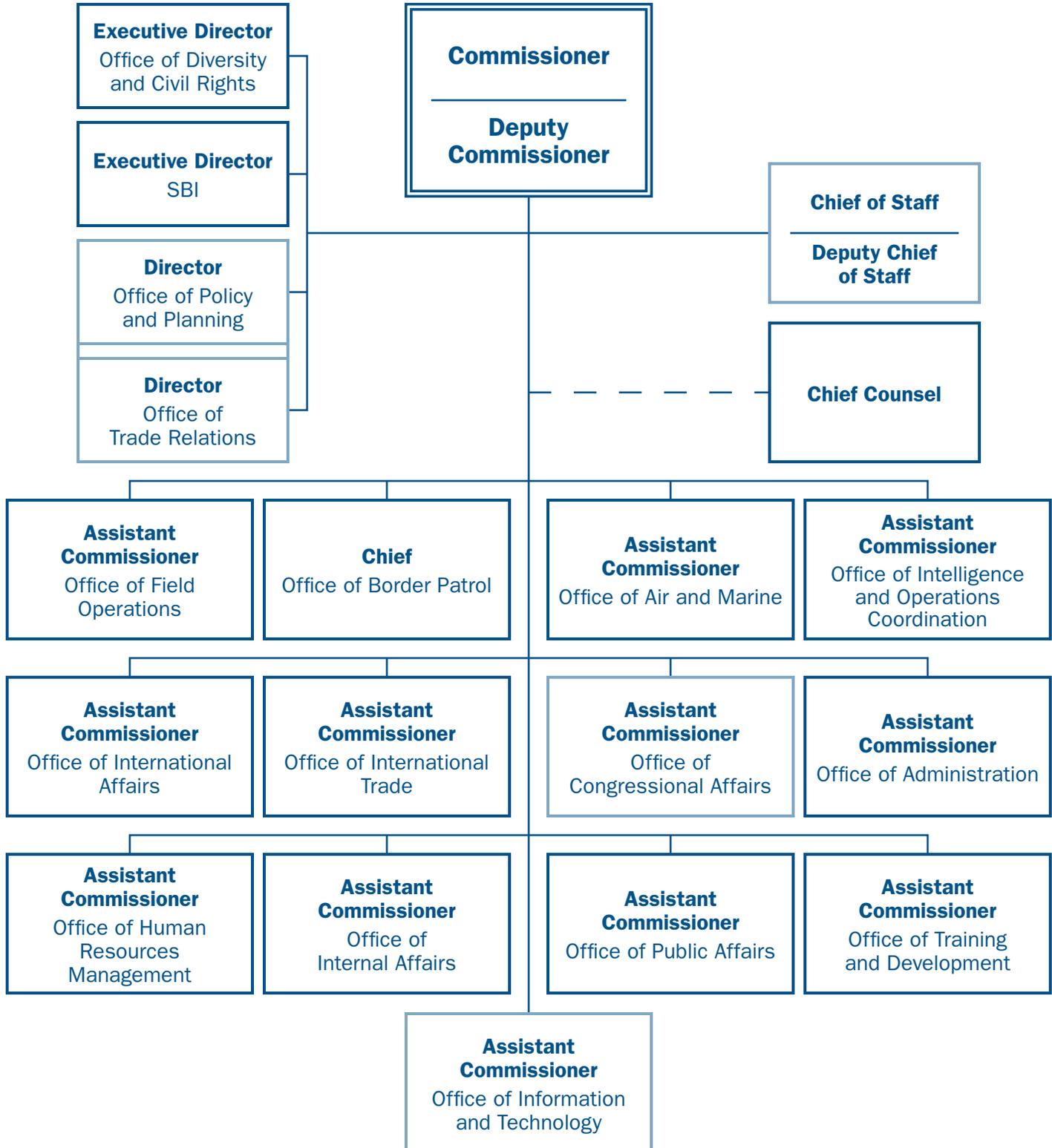
Drug Seizure Statistics

Note: The following amounts represent total CBP seizures, including amounts transferred to other Government agencies (OGA) for disposition.

- Number of pounds of cocaine seized: 254,385
- Number of pounds of heroin seized: 4,176
- Number of pounds of marijuana seized: 3,622,219
- Number of pounds of methamphetamine seized: 8,981

Overview of CBP

CBP Organization



Financial Section

Overview of the Financial Statements

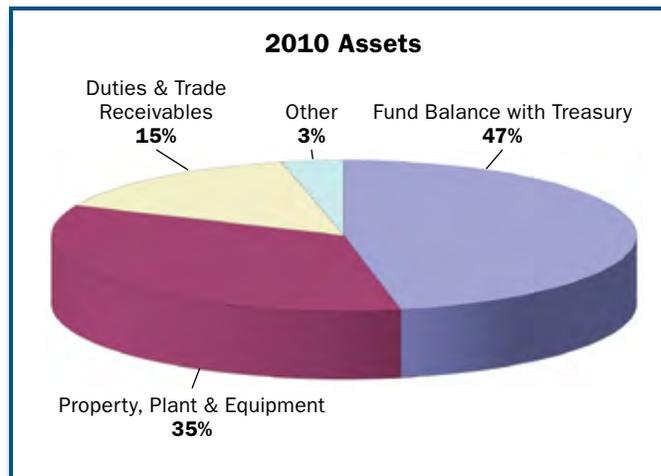
FINANCIAL STATEMENT SNAPSHOT	
Clean Opinion on Financial Statements	Yes
Material Weaknesses	1
Significant Deficiencies	5
Total Assets	16.4 Billion
Total Liabilities	6.2 Billion
Net Cost of Operations	11.8 Billion

The financial statements and footnotes appear in the “Financial Section” of the CBP AFR.

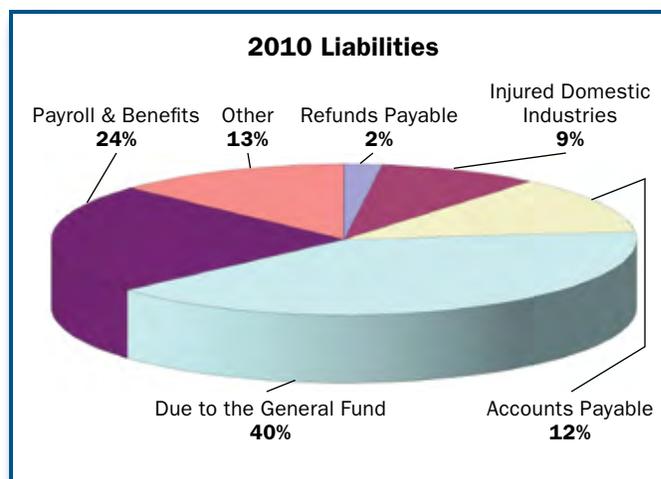
The financial statements have been audited by the independent auditor, KPMG LLP, and have been found to have no material misstatements as evidenced by the audit report.

Consolidated Balance Sheet

The Consolidated Balance Sheet presents the property owned by CBP (assets), amounts owed by CBP (liabilities), and the amounts of the difference (net position). As of September 30, 2010, total assets were \$16.4 billion, an 8 percent increase from FY 2009. Of the total increase of \$1.2 billion in total assets, \$584.9 million increase (50%) was in Taxes, Duties, and Trade Receivables; and, \$475.8 million increase (41%) was in Property, Plant & Equipment.



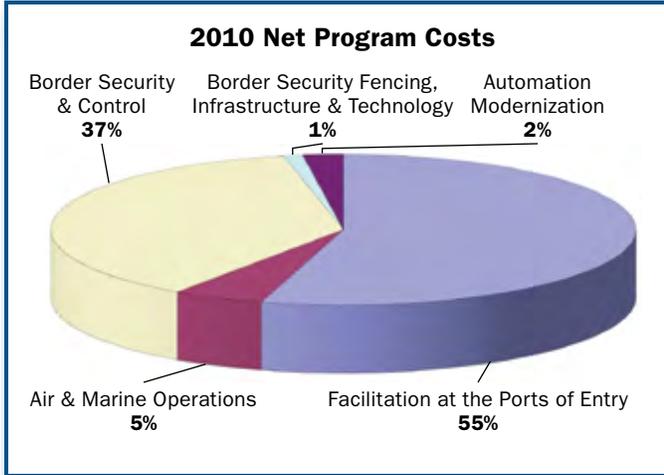
As of September 30, 2010, total liabilities were \$6.2 billion, an increase of 16 percent over FY 2009. This increase primarily related to amounts Due to the Treasury General Fund as 60.6 percent of the increase was in Due to the Treasury General Fund; 19.7 percent increase was in accrued payroll and benefits.



Consolidated Statement of Net Cost

The Consolidated Statement of Net Cost presents the net cost of the major CBP programs as they relate to the goals of the 2009–2014 Strategic Plan. The gross cost less any offsetting revenue for each program equals net cost of operations. Net Cost of Operations was \$11.8 billion.

Financial Section



Consolidated Statement of Changes in Net Position

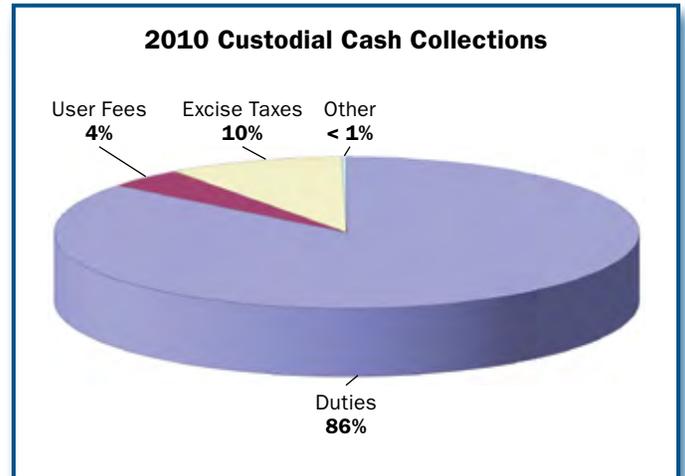
The Consolidated Statement of Changes in Net Position represents those accounting transactions that caused the net position of the balance sheet to change from the beginning to the end of the reporting period. CBP's net cost of operations serves to reduce the net position. Appropriations used totaled \$8.5 billion, representing 73 percent of CBP's total financing sources. CBP collected and retained \$2.4 billion of non-exchange revenue, amounting to 21 percent of total financing sources, which was used to fund CBP operations.

Combined Statement of Budgetary Resources

The Combined Statement of Budgetary Resources illustrates how budgetary resources were made available, as well as their status at the end of FY 2010. CBP had \$17.8 billion in budgetary resources, of which \$2.6 billion were unobligated. CBP incurred obligations of \$15.1 billion and recorded \$14.2 billion in gross outlays by the end of the fiscal year.

Consolidated Statement of Custodial Activity

The Consolidated Statement of Custodial Activity presents non-entity (financial activity conducted by CBP on behalf of others) revenue and refunds using a modified cash basis. This method reports revenue from cash collections separately from receivable accruals, and cash disbursements are reported separately from payable accruals. The custodial revenue, using the modified cash basis, for FY 2010 was \$30.1 billion.



Performance Section

Performance Summary

In FY 2009, CBP issued its updated Strategic Plan for FY 2009–2014. The plan serves as the foundation of an overall framework that links CBP strategic planning to the resource allocation process. This updated plan was designed to guide the strategic planning efforts of the various offices and programs within CBP, enable the development of effective strategies, and establish key priorities needed to achieve our mission and improve operational performance. Agency progress is described in CBP's AFR.

CBP's Performance Management Framework (PMF) was developed to provide CBP with performance management and oversight capabilities that improve the efficiency and effectiveness of CBP performance-related programs, initiatives, and operations through improved performance measurement, analysis, and reporting.

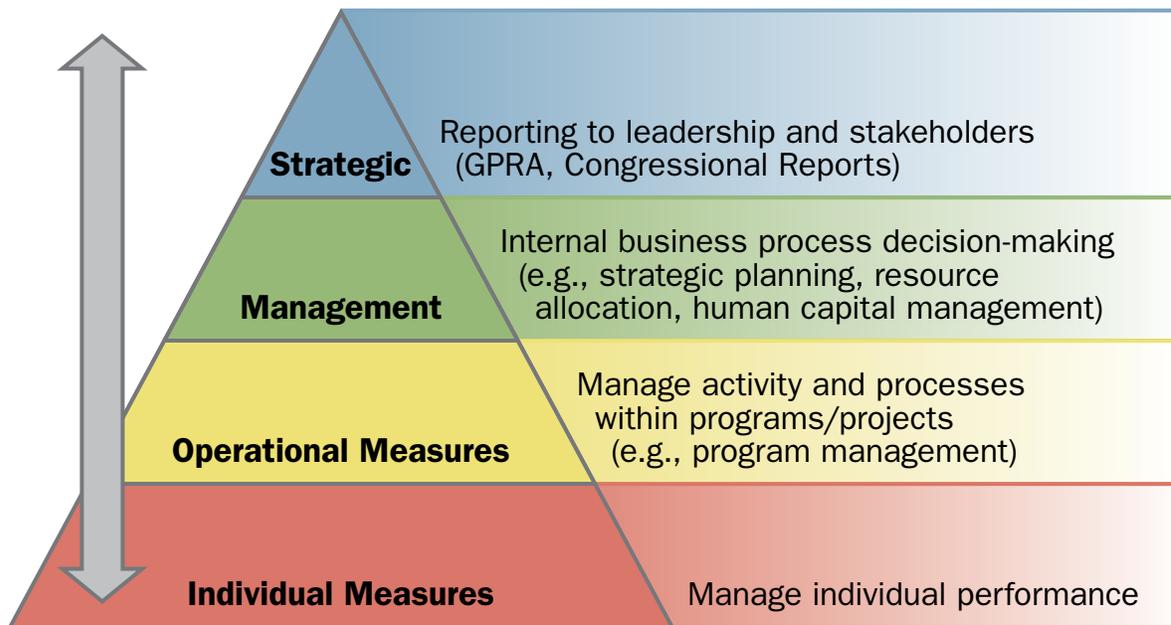
Designed to meet statutory reporting and performance budgeting requirements established by the Office of Management and Budget (OMB) and the GPRA, the CBP PMF is also aligned to optimally support internal management decision-making processes associated with agency-wide strategic planning, requirements determination, and resource allocation through the use of performance information in the execution of the annual Planning, Programming, Budgeting and Execution (PPBE) cycle and the management and improvement of the CBP programs and operations it supports.

The CBP Performance Measurement Hierarchy organizes performance measures into four sets, setting the foundation for performance measure presentation and reporting through a variety of formats and methods tailored to the decision-making processes they intend to serve. The illustration on the following page outlines the CBP Performance Measurement Hierarchy.

The Performance Measure Hierarchy displays the four levels as strategic, management, operational, and individual measures. Strategic level measures manage and report accomplishment of CBP strategic goals and objectives, demonstrating the value our programs provide to the American people. Management level measures inform internal CBP decision-making processes, such as the PPBE process to determine program priorities, allocate resources, and monitor progress and performance. Operational level measures inform management of the effectiveness and efficiency of operations, creating a line of sight between operational activities and strategic goals. Individual level measures gauge the work of individuals' contributions to strategic plans and organizational units in order to enhance their performance. Strategic measures are integrated into Senior Executive Services employees' performance plans, which focuses CBP's senior leaders on achieving the organization's most important objectives. In FY 2010, 88 percent of targets associated with these measures were met.

CBP is also in the early stages of developing a directive, instruction, and enterprise-wide performance management tool. The directive and instructions are aimed at developing a standard procedure for ensuring accurate and timely responses to external and internal requests for performance measures. The performance management tool will serve as an instrument to consolidate CBP performance measures and increase the efficiency and consistency of the development, collection, monitoring, and reporting of performance information. The development of these policy documents and accompanying tool will continue to improve performance management.

Performance Section



Performance Management

CBP uses performance measures to determine if desired results are achieved, which indicates what the agency is accomplishing. These measures provide decision-makers with the necessary information on where they should place resources and strategic efforts to ensure program effectiveness. Performance measures also keep CBP focused on its key goals and cross-cutting enablers, help to justify budget increases, and provide focus for planning efforts. Additionally, performance measures establish results in reporting to the OMB and DHS, as well as responding to GAO and DHS OIG recommendations.

In the past, CBP performance measures have aligned to a program and strategic goal. With the creation of the FY 2009–2014 CBP Strategic Plan, the agency identified several strategic areas that would benefit from new outcome-based performance measures. CBP is developing a plan to establish these new outcome measures for its strategic goals and cross-cutting enablers. CBP will demonstrate program effectiveness in achieving our

long-term performance goals through the continuous improvement of performance measures.

The strategic goals and objectives in the FY 2009–2014 CBP Strategic Plan provide a roadmap of activities for accomplishing the agency’s important mission. CBP also recognizes that certain cross-cutting enablers affect CBP’s ability to accomplish its mission and ultimately achieve its goals. Focusing on the cross-cutting enablers that cut across CBP’s goals enables CBP to better outline strategies to these factors into action plans.

The three critical identified enablers are to:

- Leverage intelligence and information sharing to maximize the effectiveness of limited resources. CBP must leverage its frontline officers and agents to gain information that can be used to strengthen the Nation’s security and to act upon intelligence that will help CBP carry out its critical border security mission.
- Maximize the power of partnerships. Partnerships have contributed greatly to CBP’s progress in developing and implementing the various strategies that have improved border security and facilitation of global trade and travel. CBP’s success relies upon the creation

Performance Section

of enduring partnerships and maintaining open lines of communication domestically and internationally. Identifying, establishing, and enhancing or expanding beneficial partnerships will allow CBP to enhance the enforcement of and compliance with agriculture, immigration and other federally enforced laws and regulations.

- Promote achievement and a results-driven culture through an effective management infrastructure that fosters the highest standards of integrity. CBP fosters an environment designed to leverage state-of-the-art technologies, innovative strategies, and worldwide partnerships to protect America's communities and defend its borders. Through the development and implementation of the PMF that integrates investment management, resource management and program management, CBP will achieve a maximum return on investment on its top mission-focused goals.

CBP's cross-cutting enablers (improved intelligence and information sharing, expansion of partnerships, and management operations and organization effectiveness) are critical to CBP's success in achieving our mission and are primary considerations in developing strategies and action plans to implement the CBP Strategic Plan.

CBP is dedicated to continuously refining and improving its performance measures. The goal is to ensure that the data we report internally and externally is useful to senior executives tasked with making tough programming and funding decisions. Over the past year, programs continued evaluating their performance measures and aligning them to the new strategic goals and objectives outlined in the FY 2009–2014 CBP Strategic Plan. Also, in February 2010, the first Quadrennial Homeland Security Review (QHSR) was completed by DHS in an effort to provide a strategic framework that guides the activities of participants in Homeland Security toward a common end. In concert with DHS, CBP has engaged in a review of existing performance measures to ensure that the Department can accurately monitor and improve its performance towards meeting the missions, goals, and objectives outlined in the QHSR. Wherever gaps exist,

new measures will be developed. In addition, CBP's performance measures' reliability and validity will be assessed each year through structured reviews, external feedback, and independent audits.

In June of 2009, the President launched a new initiative that asked agency leaders to identify and commit to a select number of priority goals that are of high value to the public. The intent was for the goals to be accompanied by ambitious, but realistic, targets to achieve within two years using existing resources. To ensure DHS delivers on its most important priorities, Secretary Napolitano identified eight High-Priority Performance Goals (HPPG). These goals focus on executing programs effectively and delivering meaningful performance improvements for the American people. Of the eight DHS HPPGs, CBP was designated as the lead for "Securing and managing our borders through the Western Hemisphere Travel Initiative (WHTI)." The performance measures associated with this goal include:

- Percent of travelers entering the United States with a secure document that establishes identity and citizenship;
- Number of travelers who have been issued a WHTI-compliant, technologically enhanced secure travel document that are Radio Frequency Identification (RFID) enabled;
- Average privately-owned vehicle (POV) processing time at land borders; and
- Average pedestrian processing time at land borders.

The FY 2010 results are provided in the table on the following page.

Performance Section

CBP HIGH PRIORITY PERFORMANCE GOAL (HPPG) RESULTS – FY 2010 RESULTS				
#	HPPG PERFORMANCE MEASURE	FY 2010 Target	FY 2010 End of Year Results	Status
1	Percent of travelers entering the United States with a secure document that establishes identity and citizenship	96.3%	96.5%	Met
2	Number of travelers who have been issued WHTI-compliant, technologically enhanced secure travel documents (RFID enabled)	6,000,000	6,935,000	Met
3	Average POV processing time at land borders (decreasing seconds)	59.0	57.3	Met
4	Average pedestrian processing time at land borders (decreasing seconds)	23.0	23.0	Met

Summary

CBP will continue to integrate state-of-the-art technologies with traditional security infrastructures at U.S. POEs and along our Nation's borders and to work in collaboration with the trade community and foreign Governments to secure the United States from terrorists and their weapons while facilitating world commerce.



U.S. Customs and Border Protection

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Please visit the U.S. Customs and Border Protection web site at
www.cbp.gov

To report suspicious activity, call
1-800-BE ALERT

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