

DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General



**FISCAL YEAR 2008
ANNUAL PERFORMANCE PLAN
(REVISED APRIL 2008)**

The Department of Homeland Security

Office of Inspector General

Fiscal Year 2008 Annual Performance Plan (Revised April 2008)

The *Government Performance and Results Act of 1993*, Public Law 103-62, requires agencies to submit to the Office of Management and Budget an annual performance plan covering each program activity in the agency's budget. The annual performance plan is to provide the direct linkage between the strategic goals outlined in the agency's strategic plan and what managers and employees do day to day. The plan is to contain the annual performance goals that the agency will use to gauge its progress toward accomplishing its strategic goals and identify the performance measures the agency will use to assess its progress.

A Message From the Inspector General

I am pleased to present the revised *Fiscal Year 2008 Annual Performance Plan* for the Department of Homeland Security's Office of Inspector General. This revised plan outlines the projects that we intend to undertake during the second half of the fiscal year to evaluate the department's programs and operations. The revised plan also reflects the reports that we issued during the first 6 months of fiscal year 2008, as well as the projects that we have cancelled or deferred until fiscal year 2009.

The revisions reflect our efforts to address the interests and concerns of department senior management officials, the Congress, and the Office of Management and Budget. We focused on our core mission of conducting independent and objective audits, inspections, and investigations to promote economy, efficiency, and effectiveness in the department's programs and operations, and to prevent and detect fraud, waste, abuse, and mismanagement.

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General

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Chapter 1 – Office of Inspector General Mission and Responsibilities

The Homeland Security Act of 2002 provided for the establishment of an Office of Inspector General (OIG) to ensure independent and objective audits, inspections, and investigations of the operations of the Department of Homeland Security (DHS).

An Inspector General (IG), who is appointed by the President and confirmed by the Senate, reports directly to both the Secretary of DHS and the Congress. Barring narrow and exceptional circumstances, the OIG may inspect, audit, or investigate anyone in the department, or any program or operation of the department. To ensure the OIG's independence and objectivity, it has its own budget, contracting, and personnel authority, separate from that of the department. Such authority enhances the OIG's ability to promote economy, efficiency, and effectiveness within the department, and to prevent and detect fraud, waste, and abuse in the department's programs and operations.

Specifically, the OIG's key legislated responsibilities are to:

- Conduct and supervise independent and objective audits and investigations relating to the department's programs and operations;
- Promote economy, effectiveness, and efficiency within the department;
- Prevent and detect fraud, waste, and abuse in department programs and operations;
- Review recommendations regarding existing and proposed legislation and regulations relating to department programs and operations;
- Maintain effective working relationships with other federal, state, and local governmental agencies, and nongovernmental entities regarding the mandated duties of the OIG; and
- Keep the Secretary and the Congress fully and currently informed of problems in agency programs and operations.

Chapter 2 - OIG Organizational Structure

We consist of an Executive Office and eight functional components that are based in Washington, D.C. We also have field offices throughout the country.

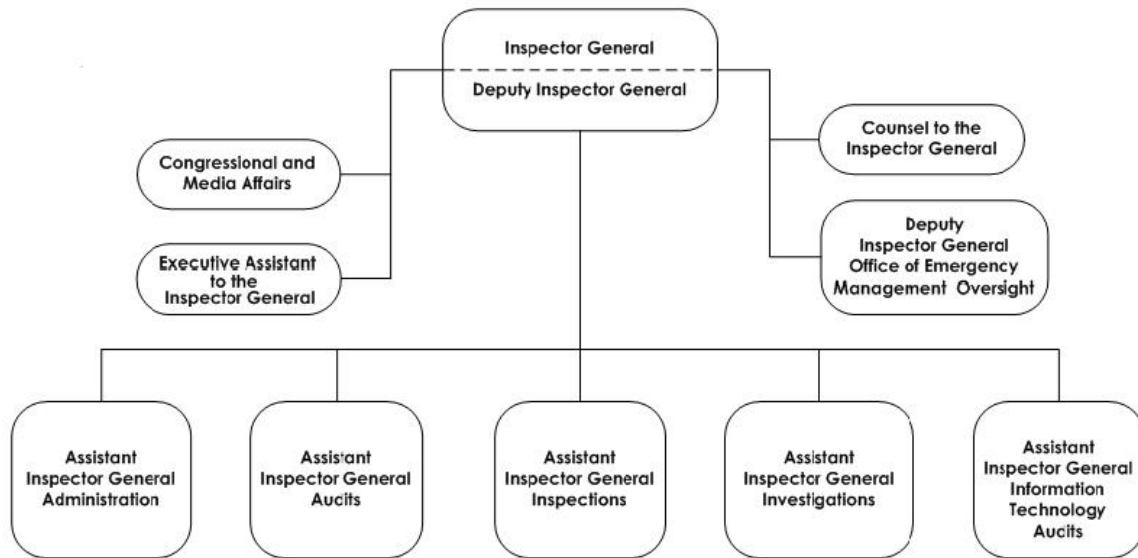


Chart 1: OIG Organization Chart

The OIG consists of the following components:

The Executive Office consists of the IG, the Deputy IG, a congressional liaison and media affairs officer, an executive assistant, and support staff. It provides executive leadership to the OIG with six full-time equivalent (FTE) employees.

The Office of Congressional and Media Affairs serves as primary liaison to members of Congress and their staffs, the White House and Executive Branch, and to other federal agencies and governmental entities involved in securing the Nation. The office’s staff responds to inquiries from Congress and the White House; notifies Congress about OIG initiatives, policies, and programs; and informs other governmental entities about OIG measures that affect their operations and activities. It also provides advice to the IG and supports OIG staff as they address congressional and White House inquiries.

The Office of Counsel to the Inspector General provides legal advice to the IG and other management officials; supports audits, inspections, and investigations by ensuring that applicable laws and regulations are followed; serves as the OIG's designated ethics office; manages the OIG's *Freedom of Information Act* and *Privacy Act* responsibilities; furnishes attorney services for the issuance and enforcement of OIG subpoenas; and provides legal advice on OIG operations. The office has 12 FTEs.

The Office of Audits conducts and coordinates audits and program evaluations of the management and financial operations of DHS. Auditors examine the methods employed by agencies, bureaus, grantees, and contractors in carrying out essential programs or activities. Audits evaluate whether established goals and objectives are achieved and resources are used economically and efficiently; whether intended and realized results are consistent with laws, regulations, and good business practice; and whether financial accountability and the reliability of financial statements are ensured. The office has 134 FTEs.

The Office of Emergency Management Oversight (EMO) is responsible for providing an aggressive and ongoing audit and investigative effort designed to ensure that disaster relief funds (DRF) are being spent appropriately, while identifying fraud, waste, and abuse as early as possible. The office is an independent and objective means of keeping the Congress, the Secretary of DHS, the Administrator of the Federal Emergency Management Agency (FEMA), and other federal disaster relief agencies fully informed on problems and deficiencies relating to disaster operations and assistance programs, and progress regarding corrective actions. Our focus is weighted heavily toward prevention, including reviewing internal controls, and monitoring and advising DHS and FEMA officials on contracts, grants, and purchase transactions before they are approved. This approach allows the office to stay current on all disaster relief operations and provide on-the-spot advice on internal controls and precedent-setting decisions. EMO has 75 FTEs including temporary employees dedicated to gulf coast hurricane recovery operations.

The Office of Inspections provides the IG with a means to analyze programs quickly and to evaluate operational efficiency and vulnerability. This work includes special reviews of sensitive issues that arise suddenly and congressional requests for studies that require immediate attention. Inspectors may examine any area of the department, plus it is the lead OIG unit for reporting on DHS intelligence, international affairs, civil rights and civil liberties, and science and technology. Inspections reports use a variety of study methods and evaluate techniques to develop recommendations for DHS; and the reports are released to DHS, Congress, and the public. The office has 41 FTEs.

The Office of Information Technology Audits conducts audits and evaluations of DHS' information management, cyber infrastructure, and systems integration activities. The office reviews the cost effectiveness of acquisitions, implementation, and management of major systems, and telecommunications networks across DHS. In addition, it evaluates

the systems and related architectures of DHS to ensure they are effective, efficient, and implemented according to applicable policies, standards, and procedures. The office also assesses DHS' information security program as mandated by the *Federal Information Security Management Act* (FISMA). In addition, this office provides technical forensics assistance to OIG offices in support of OIG's fraud prevention and detection program. This office has 42 FTEs.

The Office of Investigations conducts investigations into allegations of criminal, civil, and administrative misconduct involving DHS employees, contractors, grantees, and programs. These investigations can result in criminal prosecutions, fines, civil monetary penalties, administrative sanctions, and personnel actions. Additionally, the Office of Investigations provides oversight and monitors the investigative activity of DHS' various internal affairs offices. This office has 188 FTEs and has assigned staff to the EMO to work on gulf coast hurricane recovery operations.

The Office of Administration provides critical administrative support functions, including OIG strategic planning; development and implementation of administrative directives; the OIG's information and office automation systems; budget formulation and execution; correspondence; printing and distribution of OIG reports; and oversight of the personnel, procurement, travel, and accounting services provided to the OIG on a reimbursable basis by the Bureau of Public Debt. The office also prepares the OIG's annual performance plans and semiannual reports to the Congress. This office has 41 FTEs.

Chapter 3 – Fiscal Year 2008 Planning Approach

The Annual Performance Plan is our “roadmap” for the audits and inspections that we plan to conduct each year to evaluate DHS’ programs and operations. In devising the plan, we endeavor to assess DHS’ progress in meeting what it considers to be the major management challenges and the Secretary’s goals and priorities.

This revised plan reflects new developments and requests received from DHS management and the Congress during the year, which were not anticipated. The plan also includes projects that were initiated, but not completed. Finally, the plan lists some projects that will start during fiscal year (FY) 2008, but will carry over into FY 2009.

In establishing priorities, we placed particular emphasis on legislative mandates, such as the *Chief Financial Officers Act* and FISMA, DHS’ strategic goals, the President’s Management Agenda, the Secretary’s goals and priorities, congressional priorities, and the most serious management challenges facing DHS.

DHS’ near-term priority goals are divided into five areas:

- Protect Our Nation From Dangerous People
- Protect Our Nation From Dangerous Goods
- Protect Critical Infrastructure
- Build a Nimble, Effective, Emergency Response System and a Culture of Preparedness
- Strengthen and Unify DHS Operations and Management

The President’s Management Agenda addresses the following:

- Strategic Management of Human Capital
- Competitive Sourcing
- Improved Financial Performance
- Expanded Electronic Government
- Budget and Performance Integration

In our report titled *Management Challenges Facing the Department of Homeland Security* (OIG-08-11), we identified the following as the most serious FY 2008 management challenges facing DHS:

- Catastrophic Disaster Response and Recovery
- Acquisition Management
- Grants Management
- Financial Management
- Information Technology Management
- Infrastructure Protection
- Border Security
- Transportation Security
- Trade Operations and Security

In addition, keeping with the priorities of both the Secretary and the Congress, we will focus attention on DHS' nonhomeland missions. Particular attention will be given to the United States Coast Guard's (USCG's) nonhomeland mission, as mandated by the *Homeland Security Act*, and to disaster response and recovery activities.

These programs and functions are not an all-inclusive inventory of DHS' activities. Rather, they represent those activities that are the core of DHS' mission and strategic objectives. By answering certain fundamental questions within each of these program and functional areas, we will determine how well DHS is performing and will be able to recommend ways to improve the efficacy of DHS' programs and operations.

We will strive to have a consultative and collaborative working relationship with senior management of DHS, while at the same time providing constructive and objective information to promote DHS management decisionmaking and accountability.

Chapter 4 – Ongoing Planned Projects

DIRECTORATE FOR MANAGEMENT

FY 2008 Audit of DHS' Consolidated Financial Statements *(Mandatory)*

The *Chief Financial Officers Act* requires that an annual financial statement audit be performed at DHS. We will contract with an independent public accounting (IPA) firm to conduct the audit of the DHS consolidated financial statements, including roll-up of the Customs and Border Protection (CBP), Transportation Security Administration (TSA), and Federal Law Enforcement Training Center (FLETC) standalone audits into the consolidated financial statements.

Objectives: Ascertain and report on the fairness of presentations of DHS' FY 2008 financial statements; obtain an understanding of internal control over financial reporting, perform tests of those controls to determine audit procedures, and report on weaknesses identified during the audit; perform tests of compliance with certain laws, regulations, and provisions of contracts or grant agreements to identify noncompliance that could have a material effect on the financial statements; and report on noncompliance disclosed by the audit. This audit addresses financial performance in the President's Management Agenda. *Office of Audits*

FY 2008 Individual Audits of CBP's, FLETC's, and TSA's Financial Statements *(Mandatory)*

The *Chief Financial Officers Act* requires that an annual financial statement audit be performed at DHS. We will contract with IPA firms to conduct standalone audits of CBP, FLETC, and TSA in conjunction with the consolidated statement audit.

Objectives: Ascertain and report on the fairness of presentations of CBP's, FLETC's, and TSA's FY 2008 financial statements; obtain an understanding of internal control over financial reporting, perform tests of those controls to determine audit procedures, and report on weaknesses identified during the audit; perform tests of compliance with certain laws, regulations, and provisions of contracts or grant agreements to identify noncompliance that could have a material effect on the financial statements; and report on noncompliance disclosed by the audit. This audit addresses financial performance in the President's Management Agenda. *Office of Audits*

FY 2008 Audit of DHS' Internal Controls Over Financial Reporting (Mandatory)

The *DHS Financial Accountability Act* requires an annual audit of DHS' internal control over financial reporting to express an opinion about whether DHS maintained effective internal controls.

The Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control* (Revised), requires agencies' management to assess and document internal control over financial reporting; identify needed improvements; take corresponding corrective action; and make an assertion about the effectiveness of internal control over financial reporting. The audit will assess DHS management's assertion and effort to implement the Circular, which addresses financial performance in the President's Management Agenda.

Objective: Ascertain and report on the effectiveness of DHS' internal control over financial reporting in conjunction with the FY 2008 DHS consolidated financial statement audit. *Office of Audits*

Office of National Drug Control Policy Reviews at CBP, USCG, and Immigration and Customs Enforcement (Mandatory)

Under 21 U.S.C. 1704 (d) and the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, our office is required to perform a review of assertions made by management related to FY 2007 obligations for the National Drug Control Program. We will contract with IPA firms to review CBP's, USCG's, and Immigration and Customs Enforcement's (ICE's) ONDCP assertions. This review addresses in part financial performance in the President's Management Agenda.

Objective: Ascertain and report on the reliability of management's assertions included in its Annual Accounting of Drug Control Funds. *Office of Audits*

DHS' Corrective Action Plan Process at the Office of Chief Financial Officer, FEMA, TSA, and ICE

In FY 2006, DHS began a concerted effort to develop corrective action plans to address numerous material weaknesses in internal control that were identified by the DHS financial statement audit. DHS also began implementing OMB Circular A-123, *Management's Responsibility for Internal Control* (Revised), which requires management to assess and document internal control over financial reporting; identify needed improvements; take corresponding corrective action; and make an assertion about the effectiveness of internal control over financial reporting. Corrective action plans are an integral part of implementing OMB Circular A-123 because they identify needed improvements and corresponding remedial actions.

Objectives: Determine the adequacy of and the process for developing competent corrective action plans and how this process is integrated into DHS' plan to fully implement OMB Circular A-123 to assess remediation action between FY 2007 and FY 2008 at the Office of Chief Financial Officer (OCFO), FEMA, TSA, and ICE. Additionally, this audit will address management's self-assessment of internal control and related corrective action plans. This audit addresses financial performance in the President's Management Agenda. *Office of Audits*

USCG Progress in Improving Financial Management

Since becoming part of DHS in 2003, USCG has struggled with severe weaknesses in its financial management and reporting. USCG contributes to the DHS Disclaimer of Opinion and all of the Material Weaknesses. In FY 2007, USCG contracted with public accounting firms to begin addressing those weaknesses, starting with the development of corrective action plans.

Objectives: Determine the adequacy of and the process for developing competent corrective action plans and how this process is integrated into DHS' plan to fully implement OMB Circular A-123 at USCG, including the progress made between FY 2007 and FY 2008 in implementing its corrective action plans and moving to a more stable, long-term financial management organization and capability. Additionally, this audit will address management's self-assessment of internal control and related corrective action plans. This audit addresses financial performance in the President's Management Agenda. *Office of Audits*

Small and Disadvantaged Business Utilization (Congressional)

The U.S. House of Representatives adopted an amendment to the Department of Homeland Security Appropriations Bill, 2008, requiring that we examine DHS' use of procurement authorities to assist small and disadvantaged businesses. The 8(a) Business Development Program enables federal agencies to award sole-source contracts without preparing the written justifications and approvals normally required for sole-source contracts. Moreover, an agency may limit competition for certain solicitations to participants in the 8(a) Business Development Program or the Historically Underutilized Business Zone Program.

Objective: Assess the extent to which DHS is effectively and properly using small and disadvantaged businesses in DHS procurements. *Office of Audits*

Oversight of Contracted Information Technology-Related Testing Performed as Part of DHS' FY 2008 Audited Financial Statements (Mandatory)

We contracted with an IPA firm to conduct DHS' annual financial statement audit. Individual audits of CBP's, FLETC's, and TSA's financial statements will be performed in conjunction with the consolidated statement audit. As a part of this annual audit, the IPA firm's information technology (IT) auditors perform a review of general and application controls in place over critical financial systems.

Objectives: Assess the extent to which contract auditors performed sufficient testing to evaluate DHS' general and application controls over critical financial systems and data to reduce the risk of loss due to errors, fraud, or other illegal acts and disasters, and to effectively protect the information infrastructure from security threats or other incidents that cause the systems to be unavailable. *Office of IT Audits*

FY 2008 Audit of DHS' Internal Control Over Financial Reporting Relating to IT (Mandatory)

The *DHS Financial Accountability Act* requires an annual audit of DHS' internal control over financial reporting to express an opinion about whether DHS maintained effective internal control. OMB Circular A-123, *Management's Responsibility for Internal Control (Revised)*, requires agencies' management to assess and document internal control over financial reporting; identify needed improvements; take corresponding corrective action; and make an assertion about the effectiveness of internal control over financial reporting. The audit will assess DHS management's assertion and effort to implement the Circular, and it addresses financial performance in the President's Management Agenda.

Objective: Assess the effectiveness of DHS' internal control over financial reporting relating to IT in conjunction with the FY 2008 DHS consolidated financial statement audit. *Office of IT Audits*

DHS' IT Plans of Action and Milestones and Implementation of OMB Circular A-123

In FY 2006, DHS began a concerted effort to develop corrective action plans to address numerous material weaknesses in internal control that were identified by the DHS financial statement audit. DHS also began implementing OMB Circular A-123, *Management's Responsibility for Internal Control (Revised)*, which requires management to assess and document internal control over financial reporting; identify needed improvements; take corresponding corrective action; and make an assertion about the effectiveness of internal control over financial reporting. Plans of action and

milestones are an integral part of implementing OMB Circular A-123 because they identify needed improvements and corresponding remedial actions.

Objectives: Determine the adequacy of DHS' process for developing competent IT plans of action and milestones and how this process is integrated into DHS' plan to fully implement OMB Circular A-123. This audit addresses financial performance in the President's Management Agenda. *Office of IT Audits*

DHS IT Management Structure

Creating a single infrastructure for effective communications and information exchange remains a major management challenge for the DHS Chief Information Officer (CIO). However, as we reported in July 2004, the DHS CIO is not well positioned with the authority, reporting relationships, resources, and investment control needed to meet the department's IT objectives. Recently, the department has taken steps to strengthen its CIO position, in line with the *Clinger-Cohen Act* requirements, as well as the successful examples of other federal and industry CIO organizations.

Objectives: Assess the effectiveness of recent DHS actions to strengthen its CIO position and whether these changes have helped further progress toward creating a single department-wide infrastructure for effective communications and information exchange. *Office of IT Audits*

Portable Storage Device Security

The proliferation of portable electronic storage devices increases the risk of unauthorized access to sensitive data. Examples of portable storage devices are flash drives, jump drives, pen drives, and thumb drives, and portable music players that can also be used to store data. These devices are small enough to fit into a shirt pocket, relatively inexpensive, and can be used to store a large amount of data. However, these very features can introduce new security risks and amplify risks that have already existed with floppy disks.

Objective: Determine whether DHS has implemented effective controls over the use of portable storage devices. *Office of IT Audits*

Oversight of Contracted IT-Related Testing Performed as Part of DHS' FY 2007 Audited Financial Statements (*Mandatory*)

We contracted with an IPA firm to conduct the annual financial statement audit. Individual audits of CBP's, FLETC's, and TSA's financial statements will be performed in conjunction with the consolidated statement audit. As a part of this annual audit, the IPA firm's IT auditors perform a review of general and application controls in place over critical financial systems.

Objectives: Determine whether contract auditors performed sufficient testing to evaluate DHS' general and application controls over critical financial systems and data to reduce the risk of loss due to errors, fraud, or other illegal acts and disasters, and to effectively protect the information infrastructure from security threats or other incidents that cause the systems to be unavailable. *Office of IT Audits*

***Directorate for Management
Carryover Projects From FY 2007***

DHS' Corrective Action Plan Process and Implementation of OMB Circular A-123 at OCFO, TSA, and FEMA

In FY 2006, DHS began a concerted effort to develop corrective action plans to address numerous material weaknesses in internal control that were identified by the DHS financial statement audit. DHS also began implementing OMB Circular A-123, *Management's Responsibility for Internal Control* (Revised), which requires management to assess and document internal control over financial reporting; identify needed improvements; take corresponding corrective action; and make an assertion about the effectiveness of internal control over financial reporting. Corrective action plans are an integral part of implementing OMB Circular A-123 because they identify needed improvements and corresponding remedial actions.

Objectives: Determine the adequacy of and the process for developing competent corrective action plans and how this process is integrated into DHS' plan to fully implement OMB Circular A-123 and to assess remediation action between FY 2006 and FY 2007 at OCFO, FEMA, TSA, and ICE. Additionally, this audit will address management's self-assessment of internal control and related corrective action plans. This audit addresses financial performance in the President's Management Agenda. *Office of Audits*

Training and Qualifications of Acquisition Workforce

DHS purchased almost \$10 billion of goods and services in FY 2004 through almost 60,000 procurement actions such as contracts, delivery orders, and interagency agreements. DHS, according to statute and government-wide policies, has minimum education, experience, and training requirements for program and project managers; contracting officers; contracting professionals; ordering officials; and contracting officer's technical representatives. In April 2005, the Office of Federal Procurement Policy (part of OMB) revised acquisition-training requirements. Many DHS components have legacy policies from their previous departments. Human capital is the third cornerstone of the Government Accountability Office's (GAO's) framework for assessing an agency's acquisition function.

Objective: Determine to what extent the DHS acquisition workforce meets federal and DHS education, experience, training, and certification requirements; and the adequacy of measures used to oversee compliance with acquisition workforce training and qualifications requirements. *Office of Audits*

Status of DHS Acquisition Function

In response to the Secretary's 2005 request, we conducted the 30-day study and issued *Department of Homeland Security's Procurement and Program Management Operations* (OIG-05-53). The report identified numerous deficiencies and proposed multiple recommendations with which DHS generally concurred. In response to the report, DHS established new guidelines and directives, and implemented other steps to improve oversight over its procurements, although responding to Hurricane Katrina added additional complexity to an already strained system. This audit will update the information contained in the 30-day study and potentially identify new issues in programs that have major procurements, such as adequacy of small and disadvantaged business use.

Objective: Determine how well DHS manages and supports complex procurement programs. *Office of Audits*

DHS' Financial Systems Consolidation

The DHS Financial Systems Consolidation Project will bring together the financial, budget, and asset control activities of the 22 DHS component agencies. As part of this effort, DHS is making plans to consolidate all DHS components on financial systems currently run at the USCG.

Objective: Determine whether DHS has properly justified its approach to consolidating financial systems under the financial systems consolidation project. *Office of IT Audits*

Internet Protocol Version 6

Internet Protocol Version 6 (IPv6) has been recognized as a critical enabling technology for federal agencies. IPv6 will help ensure that the Internet can support a growing user base and the increasingly large number of IP-enabled devices. IPv6 is replete with new features and functions such as expanded address space, improved flexibility and functionality, improved information routing, enhanced mobility features, simplified activation, configuration and operation of networks and services, and once fully implemented, improved security.

OMB Memorandum 05-22, "Transition Planning for IPv6," directs agencies to implement the IPv6 protocol within their network backbone by June 2008. In support of this goal, agencies are required to meet a number of interim milestones, including completion of two inventories of IP devices and technologies, completion of an IPv6 transition impact analysis, and development of an IPv6 transition plan. Agencies are required to submit a completed IPv6 transition plan, as well as a progress report on the inventory and impact analysis, as part of their enterprise architecture (EA) assessment in February 2006.

Objective: Assess the progress DHS has made in developing and implementing its IPv6 transition plan. *Office of IT Audits*

FY 2007 Audit of DHS' Internal Control Over Financial Reporting Relating to IT (Mandatory)

The *DHS Financial Accountability Act* requires an annual audit of DHS' internal control over financial reporting to express an opinion about whether DHS maintained effective internal control. OMB Circular A-123, *Management's Responsibility for Internal Control* (Revised), requires agencies' management to assess and document internal control over financial reporting; identify needed improvements; take corresponding corrective action; and make an assertion about the effectiveness of internal control over financial reporting. The audit will assess DHS management's assertion and effort to implement the Circular, and it addresses financial performance in the President's Management Agenda.

Objectives: Ascertain and report on the effectiveness of DHS' internal control over financial reporting relating to IT in conjunction with the FY 2007 DHS consolidated financial statement audit. *Office of IT Audits*

DIRECTORATE FOR NATIONAL PROTECTION AND PROGRAMS

Followup Review of National Cyber Security

The Director, National Cyber Security Division (NCSD), formerly part of the DHS Information Analysis and Infrastructure Protection directorate, has been elevated to Assistant Secretary for Cyber & Telecommunications, reporting directly to the Secretary. In its former role, NCSD was charged with coordinating the implementation of the National Strategy to Secure Cyberspace and serves as the single national point of contact for the public and private sector regarding cyber security issues. NCSD also was charged with identifying, analyzing, and reducing cyber threats and vulnerabilities; disseminating threat warning information; coordinating incident response; and providing technical assistance in continuity of operations and recovery planning. In carrying out its role, NCSD was to work closely with industry in solving the critical and complex task of protecting the Nation's cyber infrastructure.

Objective: Determine whether NCSD has managed effectively the implementation of the National Strategy to Secure Cyberspace and the department's cyber security program.

Office of IT Audits

Directorate for National Protection and Programs Carryover Projects From FY 2007

Administering Lessons Learned From Exercises

The April 2005 Top Officials Three Exercise (TOPOFF 3) was a congressionally mandated exercise designed to strengthen the Nation's capacity to prevent, prepare for, respond to, and recover from large-scale terrorist attacks involving weapons of mass destruction. TOPOFF 3 was the most comprehensive terrorism response exercise ever conducted in the United States. It provided a realistic test of the Nation's homeland security system. It brought top officials together to identify and address problems, share knowledge, and develop skills for managing complex terrorist events. The exercise extended the learning derived from earlier TOPOFF exercises. Identifying lessons learned clearly and addressing deficiencies through corrective action plans for local, state, and federal response entities is a vital part of the exercise. These exercises are costly and time-consuming, and they serve as the primary preparation for addressing a real disaster.

Objectives: Determine, in the aftermath of large TOPOFF exercises, (1) how DHS addresses the remedial needs where deficiencies have been determined to exist, and (2) the process used to determine, formulate, and distribute lessons learned and to address remedial needs. *Office of Inspections*

DIRECTORATE FOR SCIENCE AND TECHNOLOGY

Directorate for Science and Technology Carryover Projects From FY 2007

Science and Technology's Research, Development, and Funding Priorities

Science and Technology (S&T) fulfills its mission by researching, developing, and then funding projects designed to create and deploy state-of-the-art, high-performance, low-operating-cost systems. The systems are designed to prevent, detect, and mitigate the consequences of chemical, biological, radiological, nuclear, and explosive attacks, and to develop equipment, protocols, and training procedures for response to and recovery from chemical, biological, radiological, nuclear, and explosive attacks. The potential threats against the United States are many and varied. S&T must have a strategic plan to develop the appropriate technologies at the appropriate time.

Objectives: Determine (1) the process S&T uses to set its research and development priorities and investments; (2) the decisionmaking process S&T uses to balance short- and long-term research; (3) S&T's methodology for distributing funds for research and development to the national laboratories, academia, and the private sector; and (4) how conflicts of interest in the decisionmaking process are resolved and documented. *Office of Inspections*

Homeland Security Advanced Research Projects Agency: Funding Research Projects

The Homeland Security Advanced Research Projects Agency (HSARPA) manages a broad portfolio of solicitations and proposals for the development of homeland security technology. HSARPA performs this function in part by awarding procurement contracts, grants, cooperative agreements, or other transactions for research or prototypes to public or private entities, businesses, federally funded research and development centers, and universities. HSARPA invests in programs offering the potential for revolutionary changes in technologies that promote homeland security. It also accelerates the prototyping and deployment of technologies intended to reduce homeland vulnerabilities.

Objectives: Determine (1) the process HSARPA uses to identify, prioritize, and fund research projects relevant to detection, prevention, and recovery from homeland security threats, particularly acts of terrorism; (2) how HSARPA monitors research projects; and (3) the effectiveness of the S&T Directorate's approach to working with the Department of Defense and adapting military technologies for homeland defense. *Office of Inspections*

FEDERAL EMERGENCY MANAGEMENT AGENCY

Effectively Managing Grant Resources

The former Office of Grant Operations, now part of FEMA, is responsible for monitoring financial activities of grant programs. The FEMA financial monitoring policy requires monitoring of all grantees at least once during the life cycle of the grant, through either a desk review or an onsite review. The office had only eight FTEs to perform financial monitoring activities and generally coordinated its site visits with the Preparedness Officer. A Preparedness Officer, assigned to each grant when it was awarded, was responsible for implementing the related programmatic monitoring plan. The Preparedness Directorate employed 24 to 30 Preparedness Officers to cover all U.S. states and territories.

The FY 2005 and FY 2006 DHS Financial Statement Audits indicated that the Office of Grant Operations and the Preparedness Division had limited resources to perform financial and programmatic monitoring over grants. As a result, DHS was exposed to the risk of inadequate monitoring, which may lead to errors in grants accrual calculations and grants that are mismanaged and misused.

Objectives: Determine the extent to which FEMA effectively manages grant resources to provide sufficient financial and programmatic monitoring of all grantees. Specifically determine the extent to which FEMA: (1) instituted appropriate organizational structures and a workforce skill mix to achieve its grant management responsibilities; (2) identified any gaps or deficiencies in its skill mix, (3) implemented processes and procedures to monitor grantees; and (4) identified a means to continually improve grant management operations. *Office of Audits*

Recurring Disaster Operations and Oversight

EMO will deploy experienced staff to FEMA Headquarters, Joint Field Offices (JFOs), National Processing Service Centers, and other FEMA field locations to provide on-the-spot advice, assistance, and oversight to DHS, FEMA, state, and local officials after major natural or manmade events that are, or will likely become, federally declared disaster declarations. Principal oversight activities include the following:

- Attending senior-level meetings at FEMA Headquarters and providing continuous, onsite oversight of JFO operations by attending daily status, all-hands, and senior staff meetings with JFO staff, state and local officials, and with Emergency Support Functions representatives;
- Reviewing mission assignments and supporting documentation, and coordinating and meeting with OIG officials from other federal organizations to devise plans to provide appropriate oversight of mission assignment costs;
- Reviewing JFO-issued contracts and contracting procedures for disaster-related services and determining compliance with federal acquisition policies, procedures, and requirements;
- Identifying, documenting, and reviewing potential FEMA and state disaster management problems and issues in the area of debris removal, emergency protective measures, assistance to individuals and households, temporary housing, longer-term public assistance (PA) repairs and restorations, and hazard mitigation (HM), as well as other support areas (e.g., property management);
- Participating in PA applicant briefings and kick-off meetings with FEMA, state, and local officials; overseeing the development of larger PA projects to ensure work eligibility and reasonableness; performing interim reviews of subgrantees' claims; and following up on specific issues and complaints about subgrantee practices that are not in compliance with program requirements;
- Reviewing major grant recipients' financial management systems and internal control and coordinating with state auditors to develop oversight strategies;
- Responding to congressional requests/inquiries, briefing interested parties on the results of our oversight, and coordinating with our Office of Investigations as to known or suspected fraud, waste, or abuse; and
- Coordinating with state and local government audit and investigative organizations.

In addition, EMO regional staff will maintain effective relationships with FEMA regional personnel by (1) meeting with executive and senior FEMA regional office personnel to

explain EMO's mission, priorities, and capabilities, and (2) attending or participating in meetings, workshops, exercises, and conferences between FEMA and other federal agencies, regional states, and nongovernmental or volunteer organizations.

Objectives: Our focus will be on staying current on all disaster relief operations and activities and evaluating: (1) FEMA's implementation of existing disaster operations and assistance policies and procedures, (2) development of new policies and procedures based on the magnitude of the disaster event, and (3) federal, state, and local internal controls over the disaster relief funding provided for disaster operations and assistance activities.
Office of Emergency Management Oversight

Disaster Assistance Grants (Nationwide)

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended, governs disasters declared by the President of the United States. Title 44 of the *Code of Federal Regulations* (CFR) provides further guidance and requirements for administering disaster assistance grants awarded by FEMA to individuals, and to states and local governments. We will perform 20 audits of grantees and subgrantees, focusing on large grants (generally in excess of \$3 million) with suspected problems, and areas that are of interest to Congress and FEMA. The audits will include both open and recently closed applications and projects, and will focus on costs as well as the eligibility of the grant applicant and the eligibility of the work funded by the grant. The audits will focus primarily on PA grants, but may include HM grants and grant assistance provided to individuals and households.

Objectives: Determine (1) the eligibility of the grantee or subgrantee and of the work funded by the grant, and (2) whether grantees or subgrantees accounted for and expended FEMA funds according to federal regulations.
Office of Emergency Management Oversight

FEMA Disaster Acquisition Workforce

Well-managed acquisitions enable FEMA to respond effectively to disasters. A properly trained and staffed acquisition workforce is key to managing acquisitions effectively. At the time Hurricane Katrina struck, FEMA did not have sufficient numbers of trained contracting staff and contracting officer's technical representatives to meet mission requirements. In addition, an assessment process was not in place to monitor planning efforts for disaster-related procurement needs and to monitor and maintain surge capacity for disaster contracting. Funding for acquisition oversight of disaster contracts was inadequate. While FEMA has made some progress resolving staffing shortfalls, it may not be enough to be ready for the next catastrophic disaster.

Objectives: Determine whether: (1) FEMA’s disaster acquisition workforce strategy is adequate to satisfy the needs created by a catastrophic disaster; (2) there is an up-to-date disaster acquisition policy that includes workforce requirements for procurement, contract monitoring, and contract management; and (3) acquisition staff is properly trained. *Office of Emergency Management Oversight*

FEMA Acquisition Process

Since Hurricane Katrina, FEMA has awarded approximately 4,000 contracts totaling more than \$7 billion. With this volume of contracting for goods and services, it is essential that all agency acquisitions be handled in an efficient, effective, and accountable manner. FEMA needs to have in place sound policies and procedures to make and communicate good business practices. FEMA has committed to modernizing its acquisition function and to developing a team that will operate efficiently and effectively in support of FEMA’s mission.

Objectives: Determine (1) the strengths and weaknesses of FEMA’s current acquisition process from requirements identification through closeout of the final contract action, and (2) the extent to which best practices and lessons learned from disaster operations have been used to improve FEMA’s acquisition process. *Office of Emergency Management Oversight*

FEMA’s Compliance With the Flood Insurance Reform Act of 2004

The Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004, Public Law 108–264, included a number of provisions aimed at producing savings for flood insurance policyholders and federal taxpayers through reduced flood insurance losses and reduced federal disaster assistance. Specifically, the Act created a pilot program under the Flood Mitigation Assistance Program to focus on “severe” repetitive loss properties, and it established procedures for increasing flood insurance premiums for policyholders who decline mitigation offers under the pilot program.

Objectives: Determine to what extent FEMA has implemented strategies to reduce the number of severe, repetitive loss properties through buyouts, elevations, relocations, and flood proofing, and confirm that mitigation activities have been conducted in compliance with statutory and regulatory guidelines and limitations. *Office of Emergency Management Oversight*

FEMA’s Public Assistance Project Management Process (Congressional)

PA grants are awarded to subgrantees of states to repair infrastructure, such as buildings and highways, damaged by disasters. FEMA’s primary tool for authorizing and monitoring PA projects is the project worksheet. It is used to document the scope of

work and cost estimates and to authorize payments for individual projects. Incomplete, inaccurate, untimely, or out-of-date project worksheets significantly increase the risk that grantees and subgrantees will not effectively manage projects. Poor project management leads to cost overruns, completion delays, and numerous other problems. FEMA has been criticized, particularly since Hurricane Katrina, for not having an effective method of authorizing and monitoring PA projects and for making project management more difficult for grantees and subgrantees.

Objectives: Determine the effectiveness of FEMA's process for monitoring PA projects, including the use of project worksheets, and to identify opportunities for improving the current process, as applicable. *Office of Emergency Management Oversight*

Internal Control Review of FEMA Acquisitions

Fraud prevention is the most effective and efficient means of minimizing fraud, waste, and abuse. Internal controls are an integral part of fraud prevention. The extent that FEMA has identified, through self-assessments and resolved internal control shortcomings, is uncertain. At the time of Hurricane Katrina, FEMA disaster acquisitions lacked sufficient program management and oversight resulting in numerous problems. Disaster contract information was not readily available, the accuracy and completeness of unpaid obligations could not be fully supported, and invoices were signed without verification of receipt of goods or services. A comprehensive system of strategic internal controls that is implemented and adhered to would minimize these problems and deter fraud, waste, and abuse. The extent that FEMA has taken steps to improve their system of internal controls is unknown.

Objectives: Determine whether FEMA has: (1) established and implemented sufficient internal controls over its acquisition management program, and (2) implemented compensating controls when internal controls are waived or bypassed in the event of urgent circumstances. *Office of Emergency Management Oversight*

Federal Emergency Management Agency Carryover Projects From FY 2007

FEMA's Emergency Housing Unit Program

FEMA provides temporary housing, including travel trailers, mobile homes, or other types of modular housing to disaster victims. During Hurricanes Katrina and Rita, FEMA spent more than \$2.5 billion on travel trailers and mobile homes. FEMA's future disaster plan includes maintaining an inventory of housing assets at storage facilities in strategic areas of the country for expedited response to housing needs.

Objectives: Determine (1) the efficacy of the program, including funding, staffing, contracting, acquisition management, and property accountability; (2) the utility of maintaining FEMA storage facilities; and (3) the effectiveness of the procedures to ensure the proper maintenance of the housing assets. *Office of Emergency Management Oversight*

FEMA's Debris Removal Program

Removing debris created by Hurricanes Katrina and Rita will be an extremely costly and time-consuming endeavor throughout the gulf coast. Our office is conducting numerous reviews of local governments' debris removal operations because the costs will be reimbursed by FEMA's PA grant program. There have been long-standing problems associated with debris removal and monitoring operations, and those problems are exacerbated by the size of the debris problem in the gulf coast. In response to these problems, FEMA initiated a pilot program to retool its debris removal program and implemented new policies and procedures.

Objectives: Determine whether the pilot program will meet the debris removal program's stated goals, and whether program evaluation criteria was established that can be used to adequately evaluate the program at the end of the pilot. *Office of Emergency Management Oversight*

Fire Management Assistance Grant Program

The *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended by the *Disaster Mitigation Act of 2000*, authorizes state governments and Indian Tribal Governments to request federal funds under the Fire Management Assistance Grant Program for the mitigation, management, and control of any fire burning on publicly (nonfederal) or privately owned forest or grassland. Under the program, the state or Indian Tribal Government may request a declaration while a fire is burning uncontrolled and threatens such destruction as would constitute a major disaster. The program's declaration requests are submitted to the appropriate FEMA Regional Administrator for approval.

Objective: Determine whether the state (grantee) accounted for and expended fire management assistance grant funds according to federal regulations and FEMA guidelines. *Office of Emergency Management Oversight*

Data Mining to Identify Duplication of Benefits

FEMA has an array of assistance programs available to aid victims in recovering from damages sustained in presidentially declared disasters. FEMA's Disaster Housing Program provides eligible applicants with assistance in the form of cash grants to make

repairs to their homes as well as other types of housing assistance for victims who need to rent. FEMA also provides travel trailers and mobile homes to victims displaced by a disaster. Other housing options include hotels, motels, and apartments. The Federal Insurance Administration within FEMA manages the National Flood Insurance Program (NFIP) that provides flood insurance to property owners within participating communities. The maximum coverage that can be obtained is \$250,000.

The Computer Science Corporation maintains the database of active and cancelled flood policies as well as claims paid. Records of housing assistance, that is rental assistance, that FEMA provides are maintained in the National Emergency Management Information System (NEMIS), and hotels, motels, and apartments are maintained in other databases.

Objectives: Determine whether: (1) recipients of FEMA's Disaster Housing home repair grant assistance have also received benefits from the NFIP; and (2) duplication of assistance to victims has occurred among the various housing programs such as rent, trailers, mobile homes, hotels, and other forms of housing assistance. *Office of Emergency Management Oversight*

Survey of the Disaster Relief Fund's Support Account

FEMA uses the DRF Support Account to fund disaster-related activities that cannot easily be charged to a specific disaster. In the past 11 fiscal years, expenditures from the Support Account have escalated from \$109 million in FY 1997 to over \$1 billion in FY 2007. Although Congress intended the DRF to be broad and flexible, the continued increase in Support Account spending necessitates the need to establish and maintain a strong control environment and proper accountability over these funds.

Objective: To determine whether FEMA is using the DRF for eligible expenses. *Office of Emergency Management Oversight*

FEMA's Property Management

Disaster assistance operations involve numerous acquisitions of personal property by FEMA as well as other agencies. We will review FEMA's management of personal property and will evaluate internal controls to ensure that personal property purchased during disaster operations is properly accounted for and managed. Personal property received through international donations also will be part of this effort.

Objective: Determine whether personal property is acquired, received, issued, disposed of, controlled, and tracked by the JFOs, Agency Logistics Centers, Territory Logistics Centers, and Remote Storage Sites in an effective and efficient manner. *Office of Emergency Management Oversight*

Compendium of Federal Disaster Assistance Programs

We are preparing an inventory of federal disaster assistance programs. This is a high-level review to identify federal disaster benefits provided in the aftermath of a disaster. We plan to use case studies to demonstrate the importance of applying safeguards to these programs to prevent both intentional and inadvertent duplication of benefits. Some instances of overlapping programs have already surfaced, such as individuals receiving both cash for rental assistance and housing provided by federal agencies.

Objective: Produce a baseline report that identifies programs and areas within the federal government that may be at risk of providing duplicate or overlapping benefits to disaster victims. *Office of Emergency Management Oversight*

FEMA Logistics Systems

FEMA relies on a number of automated logistics systems to support its disaster planning and recovery activities. In 2005, these systems were hard pressed during Hurricane Katrina to keep up with overwhelming support requirements, including the ability to track the transportation of personnel and supplies to impacted areas. In the aftermath of Hurricane Katrina, FEMA has initiated efforts to improve its logistics processes and related systems. Specifically, FEMA has implemented a Total Asset Visibility program to provide enhanced visibility, awareness, and accountability over disaster relief supplies and resources.

Objective: Determine the effectiveness of FEMA's plans and approaches to reengineering its disaster-related logistics processes and improving the capabilities of supporting IT systems. *Office of IT Audits*

Assistance to Firefighters Grant Program (NY, CA, IL)

The Assistance to Firefighters Grant Program, authorized by the *Federal Fire Protection and Control Act of 1974*, as amended, awards 1-year grants directly to fire departments of a state to enhance their abilities with respect to fire and fire-related hazards. The primary goal is to provide assistance to meet fire departments' firefighting needs. Management of the program falls under FEMA. FY 2003 Assistance to Firefighters Grant Program applications totaled 20,063 and requested grant awards totaled nearly \$2.5 billion. DHS, through a determination of eligibility and competitive evaluation, awarded 8,745 grants in FY 2003 with award amounts totaling \$705.2 million. OIG contractors will conduct ten grant expenditure audits each in three states, including rural, suburban, and urban fire departments. Those audits will focus on the Program's Firefighting Vehicles Acquisition Program and the Fire Operations and Firefighter Safety Program. We will summarize the results of the audits conducted in each state.

Objectives: Determine whether rural, suburban, and urban fire departments (grant recipients) in California, Illinois, and New York properly accounted for and used Assistance to Firefighters Grant Program funds according to federal requirements and the grant program guidance. *Office of Audits*

Continuing Effort to Evaluate State Management of Homeland Security Grant Funds Provided Through States (AZ, CA, IL, MO, UT, WA)

Homeland security grants encompass several different grant programs aimed at increasing the capability of state and local governments to respond to terrorist attacks in their communities. These grant funds are awarded based on a combination of current threat estimates, critical assets, and population density. Our audit will focus on the states' (1) methodology for identifying high-threat, high-density urban areas; (2) assessment of threats, vulnerabilities, capabilities, and prioritized needs; (3) funding allocation methodology; (4) expenditure of grant funds on high-priority requirements; and (5) measurement of improvements as a result of the grants and identification of best practices. The recently passed Implementing Recommendations of the 9/11 Commission Act of 2007, Public Law 110-53, Section 2022, requires us to review this area, which is part of our continuing effort to evaluate state management of homeland security funds.

Objectives: Determine to what extent Arizona, California, Illinois, Missouri, Utah, and Washington are effectively and efficiently managing and expending homeland security grant funds to achieve established goals. *Office of Audits*

***Gulf Coast Hurricane Recovery Oversight
Carryover Projects From FY 2007***

Project H.O.P.E. (Congressional)

At the request of a U.S. Senator, we are reviewing the Crisis Counseling Program (CCP) grant made to Florida's Department of Children and Families for the implementation of Project H.O.P.E. (Helping Our People in Emergencies) in response to Hurricanes Katrina and Wilma. The Senator additionally requested that we review whether funds had been used effectively to benefit disaster victims.

Objectives: Determine whether Project H.O.P.E. was: (1) expending funds according to the scope of the grant award; (2) being properly monitored to ensure that all participants were operating within approved guidelines, as defined by the Department of Health and Human Services Center for Mental Health Services and FEMA; and (3) carrying out approved activities to meet the intent of the CCP. *Office of Emergency Management Oversight*

Multitiered Contracts

In the aftermath of Hurricane Katrina, FEMA has awarded more than \$7 billion in federal contracts to hundreds of companies. The IG community and GAO have reported that the management and oversight of these disaster contracts has been dismal. Gulf coast businesses, especially small businesses, allege that they are being shut out of participating in the recovery efforts because they cannot enter into the multitiered subcontracts except at the very bottom where profitability is very low. Prices paid under contracts, both prime contracts and all their subcontracts, are not readily available to the public or to Congress. Without visibility over contracting, Congress and the American people are unable to determine for themselves whether tax dollars are being spent efficiently and effectively.

Objectives: Determine the extent of multilayered disaster contracts regarding Hurricane Katrina and document the various problems associated with them. This work may highlight particular case studies to illustrate the problem. *Office of Emergency Management Oversight*

FEMA's Exit Strategy for Transitional Housing in the Gulf Coast Region

Tens of thousands of FEMA-purchased manufactured homes and travel trailers are occupied by 100,000 gulf coast evacuee families in scores of Transitional Housing (TH) sites throughout Alabama, Louisiana, and Mississippi, where FEMA pays for security. According to FEMA's Gulf Coast Recovery Office, the TH sites that will be operating for 5 or more years are already plagued with violence, drugs, and gang activity. A July 2006 report on the situation at 20 of FEMA's TH sites by the *Save the Children* organization painted a bleak picture of dysfunctional communities. The need for alternative housing in the gulf coast region suggests that these TH sites may be permanent.

Objectives: Determine how well FEMA is managing its TH program transition efforts, what role other federal agencies should have in TH, and whether FEMA has devised a road map for transferring the TH sites to local governments. *Office of Emergency Management Oversight*

FEMA's Section 406 Mitigation

FEMA provides PA grants to state and local governments to repair or restore infrastructure damaged by disasters. A component of that program allows for funding mitigation measures that the state or local government determines to be necessary to meet a need for governmental services and functions in the area affected by the major disaster. The opportunities for mitigation in the gulf coast will be enormous and the costs

substantial. We will conduct a performance review of FEMA's implementation and management of the mitigation component of its PA grant program in the Hurricanes Katrina and Rita recovery process.

Objective: Determine how effectively FEMA is managing PA mitigation grants across the hurricane-damaged gulf coast. *Office of Emergency Management Oversight*

FEMA's Hazard Mitigation Grant Program

Authorized under Section 404 of the *Stafford Act*, the Hazard Mitigation Grant Program provides grants to states and local governments to implement long-term HM measures after a major disaster declaration. The purpose of the program is to reduce the loss of life and property due to natural disasters and to enable mitigation measures to be implemented during the immediate recovery from a disaster. The program may provide a state with up to 7.5% of the total disaster grants awarded by FEMA. States that meet higher mitigation planning criteria may qualify for a higher percentage. To date, FEMA has committed about \$3 billion in program funds to states along the gulf coast for Hurricanes Katrina and Rita.

Objective: Determine how effectively FEMA and the states are managing the Hazard Mitigation Grant Program after Hurricanes Katrina and Rita. *Office of Emergency Management Oversight*

FEMA's NFIP (Mandatory)

FEMA manages the NFIP. Pursuant to Section 1345 of the *National Flood Insurance Act of 1968* (42 U.S.C. 4081) and subpart C of part 62 of title 44, CFR, FEMA has arrangements with individual private sector property insurance companies through the Write Your Own (WYO) program. Participating companies offer flood insurance coverage to eligible applicants and arrange for the adjustment, settlement, payment, and defense of all claims arising from policies of flood insurance issued under this program. The WYO company acts as a fiscal agent of the federal government. When Hurricane Katrina made landfall in August 2005, there was damage from wind and flooding. We will investigate whether, and to what extent, in adjusting and settling claims resulting from Hurricane Katrina, insurers under the WYO program improperly attributed damages to flooding, covered under the insurance provided by the NFIP, rather than to windstorms which are covered under the insurance of the individual private sector property insurers or by windstorm insurance pools in which such insurers participated.

Objective: Determine whether the NFIP's WYO program was effective in properly attributing the damage from Hurricane Katrina to either flooding or windstorm. *Office of Emergency Management Oversight*

FEMA's Technical Assistance Contracts

In the aftermath of Hurricane Katrina, FEMA awarded sole-source contracts to four companies for the installation, operations, maintenance, and deactivation of temporary housing units, among other tasks. The total value of these contracts is anticipated to be almost \$3 billion. Though all four companies were among the top 50 construction contractors in the country, the contract files did not contain documentation describing the process used to select these firms over other large firms. In addition, some of the task orders on these contracts were not definitive for several months, and FEMA initially did not have trained and experienced staff to monitor the costs or performance of these contracts.

Objectives: Determine the adequacy of contract documents, price reasonableness, the effectiveness of the inspection and payment processes, the effective use of warranties, and FEMA's adherence to effective contracting practices. *Office of Emergency Management Oversight*

FEMA Mission Assignments

In any declared disaster or emergency, FEMA may direct other federal agencies, through mission assignments, to perform activities to support state and local governments. The agencies can request reimbursement from FEMA for eligible costs incurred during performance of the mission as the work is completed. We are reviewing FEMA mission assignments to the five DHS components that received the largest mission assignments: the Federal Protective Service (FPS), USCG, CBP, ICE, and the National Communication System. FEMA awarded \$775 million in Hurricane Katrina mission assignments to those five DHS components.

Objectives: Determine whether mission assignment requirements were satisfied, funds were spent effectively and accurately accounted for, contracting followed proper procurement procedures, adequate documentation were maintained, and purchased property was managed according to governing laws and regulations. *Office of Emergency Management Oversight*

FEMA Sheltering and Transitional Housing for Evacuees

Hurricanes Katrina and Rita produced more than 1 million evacuees. Many are still living in TH. We are reviewing FEMA's plans for sheltering evacuees, and implementation of TH that included long-term sheltering, hotels and motels, apartments, travel trailers and manufactured homes, cruise ships, and fixed facilities. We will include FEMA's coordination with state and local governments and voluntary agencies, and assess how well evacuee needs were met. The review will identify the actions FEMA is taking to be better prepared to provide housing to evacuees of future catastrophic

disasters and recommend ways to prevent problems that occurred during the response to Hurricane Katrina.

Objectives: Determine to what extent FEMA's TH program met the needs of hurricane victims and identify improvements that need to be addressed for future disasters. *Office of Emergency Management Oversight*

FEMA Readiness: Assessment of FEMA's Disaster Workforce

One of the critical areas that affected FEMA's ability to effectively respond to the enormous challenges presented by Hurricane Katrina was the limited depth and strength of the FEMA Disaster Workforce. This area was well examined in the 13 years prior to Hurricane Katrina, with 12 studies having been performed by the Agency. Following the 2005 hurricane season, FEMA again initiated a study of this subject. In addition to these FEMA-initiated actions, we completed an inspections review that addressed this same issue, and the *Post Katrina Emergency Management Reform Act of 2006* called for the rebuilding of FEMA's permanent and reserve workforces through some very specific actions and strategies. With input from these many sources, FEMA has worked to improve its readiness and now claims to be better prepared to respond to the next catastrophic disaster.

Objectives: Determine the progress FEMA has made toward enhancing its disaster workforce since Hurricane Katrina, particularly in light of the inputs from the numerous FEMA studies, the DHS-OIG Inspections report, and the 2006 Reform Act. *Office of Emergency Management Oversight*

Hurricane Katrina Fraud Task Force

Our investigators continue to be active participants on the Department of Justice Hurricane Katrina Fraud Task Force established by the United States Attorney General on September 8, 2005. In response to the need to investigate fraudulent activities associated with FEMA disaster relief efforts following Hurricanes Katrina and Rita, we have established offices in Mobile, Alabama; Baton Rouge, Louisiana; Biloxi, Mississippi; and Hattiesburg, Mississippi, and have staffed these offices primarily with temporary contractor investigators who are a cadre of On-call Response Employees or Disaster Assistance Employees. We will continue to fully participate on the task force during FY 2008. *Office of Emergency Management Oversight*

OFFICE OF INTELLIGENCE AND ANALYSIS

Intelligence Oversight and Quarterly Reporting *(Mandatory)*

Executive Order 12333 describes the limited, specific cases when a member of the Intelligence Community may collect, retain, or disseminate information on U.S. persons. Another Executive Order, 13462, requires departments with Intelligence Community members to report on a routine basis how well they have complied with Executive Order 12333 and whether any violations have occurred. DHS has two Intelligence Community members—the USCG and Office of Intelligence & Analysis—and is therefore responsible for intelligence oversight reporting under Executive Order 13462. The OIG and DHS Office of General Counsel collaboratively prepare intelligence oversight reports, which are submitted on a quarterly basis to the Intelligence Oversight Board, a standing committee of the President’s Intelligence Advisory Board.

Objective: Validate assertions made by the USCG and Office of Intelligence & Analysis concerning their compliance with Executive Order 12333, and report other possible violations that come to our attention. *Office of Inspections*

Office of Intelligence and Analysis’s Fusion Center Initiative

Executive Orders 13311 and 13356 provide guidance that will enhance the federal government’s ability to share terrorism information. Additional laws and regulations have further eased the sharing of terrorism information between agencies. In addition, many states and localities established “information fusion centers” to provide a better tool for sharing and analyzing terrorism information. A 2006 survey indicated that at least 40 states and U.S. territories are developing or already have state or local intelligence-fusion centers. However, there is no national strategy, and there are no protocols to define how the federal government will collaborate with these centers.

Objectives: Determine (1) the extent to which the Office of Intelligence & Analysis has been actively working to coordinate the development of, and relationship between, the fusion centers and the federal government on a national level; (2) what problems and challenges are being encountered; (3) how funding and activities are targeted in fusion centers to help carry out the DHS mission; (4) the merits of detailing Office of Intelligence & Analysis staff to the centers, and (5) what success the Office of Intelligence & Analysis has had in backfilling positions vacated to staff the Fusion Center Initiative. *Office of Inspections*

***Office of Intelligence and Analysis
Carryover Project From FY 2007***

Annual Evaluation of DHS' Information Security Program (Intelligence Systems) for FY 2007 (Mandatory)

Identifying potential information security threats to DHS' intelligence systems is key in evaluating DHS' intelligence program. The loss or compromise of DHS' intelligence systems or the data contained on those systems can have severe consequences, affecting national security, U.S. citizens, and the department's missions. In response to the increasing threat to information systems and the highly networked nature of the federal computing environment, Congress, in conjunction with the Director National Intelligence, CIO, and OMB, requires an annual evaluation and reporting of the security program over agencies' intelligence systems. FISMA, and the Director, Central Intelligence Directive 6/3, *Protecting Sensitive Compartmented Information Within Information Systems*, requirements will be used as criteria for the evaluation.

Objective: Perform an independent evaluation of the effectiveness of DHS' information security program and practices for its intelligence systems and to also determine what progress DHS has made in resolving weaknesses cited in the prior year's review. *Office of IT Audits*

TRANSPORTATION SECURITY ADMINISTRATION

TSA On-Screen Alarm Resolution Protocols for Checked Baggage Screening

TSA established the On-Screen Alarm Resolution Protocol (OSARP), which was put into place in May 2004 to improve the through-put of checked baggage screened by Explosive Detection Systems (EDS) machines. The protocol allows screeners to examine computer-generated images of the inside of a bag to determine whether a suspicious item or items identified by the EDS machines are in fact harmless, allowing the screener to clear the bag. TSA officials believe the OSARP improves the efficiency of baggage screening and allows the agency to reduce staff used to resolve checked baggage alarms using Explosive Trace Detection.

Objective: Determine the extent to which screeners successfully use OSARP to identify and resolve alarms on threat items on the screens of the EDS machines. *Office of Audits*

TSA Known Shipper Program (Congressional)

Federal regulations (49 CFR) require that, with limited exceptions, passenger aircraft may *only* transport cargo originating from a shipper that is verifiably “known” either to the aircraft operator or to the indirect air carrier (IAC) that has tendered the cargo to the aircraft operator. To ensure compliance, TSA developed the “Known Shipper Program (KSP),” which includes activities that all regulated entities must carry out prior to transporting cargo onto a passenger aircraft. The KSP specifically provides for regulated entities to determine a shipper’s validity and integrity, separate “known” shipper cargo from that of “unknown” shippers, and submit information regarding each of its known shippers to TSA. However, anecdotal reports suggest that cargo from unknown shippers is also transported on passenger airplanes, in violation of the KSP.

Objectives: Determine how well TSA ensures that cargo from unknown shippers is not being shipped on passenger planes. *Office of Audits*

TSA’s Management of the Surface Transportation Security Inspection Program (Mandatory)

The March 11, 2004, rail bombings in Madrid and London illustrate the need to protect rail and other open surface transportation systems. TSA’s Surface Transportation Security Inspection Program (STSI) is designed to assist surface transportation carriers, operators, owners, entities, and facilities to enhance their security against terrorist attack and other security threats. STSI enforces applicable surface transportation security regulations and directives. TSA has deployed approximately 100 STSI Inspectors nationwide in 20 field offices. STSI Inspectors conduct inspections of key facilities for rail and transit systems to assess the systems’ implementation of core transit security fundamentals and comprehensive security action items. They also conduct examinations of stakeholder operations, including compliance with security directives; identify security gaps; develop effective practices; and gather information on the system, its operations, and its security resources and initiatives.

The *Implementing Recommendations of the 9/11 Commission Act of 2007*, Public Law 110-53, Section 1304, requires our office to submit by September 30, 2008, a report on the performance and effectiveness of STSI Inspectors. Some in Congress are concerned that the STSI inspection force is not large enough to provide adequate oversight of the Nation’s thousands of miles of railroad tracks and mass transit lines. In addition, the GAO reported that some mass transit and passenger rail operators expressed confusion and concern about the role of TSA inspectors and about potential duplication of other federal and state rail inspections.

Objectives: Determine whether (1) TSA provides sufficient oversight of compliance with TSA’s security requirements for the Nation’s mass transit; (2) TSA’s overall

methodology for conducting and documenting surface transportation inspections effectively ensures compliance with security regulations; (3) TSA has deployed adequate resources, including the number of inspectors, to meet the program's mission and objectives; (4) TSA inspectors effectively identify stakeholders' security gaps and develop best practices to enhance security for surface transportation; and (5) the program is meeting its stated goals and objectives. *Office of Inspections*

Effectiveness of the Federal Trucking Industry Security Grant Program
(Mandatory)

Since FY 2003, the Trucking Security Program has provided grants worth more than \$62 million to increase vigilance on the Nation's highways in support of homeland security. Eligibility for trucking security grants has been restricted to the Highway Watch[®] Program administered by the American Trucking Association. The Highway Watch Program provides a call center and trains commercial drivers and public safety personnel to identify and report security and safety situations on U.S. roads. The *Implementing Recommendations of the 9/11 Commission Act of 2007*, Public Law 110-53, Section 1542, requires our office to submit to Congress by August 3, 2008, a report evaluating the performance, efficiency, and effectiveness of this program.

Objectives: Determine the efficacy of the federal trucking industry security grant program, the need for the program, and the program's impact on motor carrier security.
Office of Inspections

***Transportation Security Administration
Carryover Projects From FY 2007***

TSA's Efforts to Proactively Address Workplace Concerns

Processes and procedures used by employees, both in the private and public sectors, to report workplace concerns are a critical internal control and key management tool to identify and address illegal and unethical conduct, waste, fraud, and other workplace issues. Since 2004, TSA employees have been officially voicing their concerns through a variety of channels, about how the agency operates by filing complaints that historically were significantly higher than other federal agencies. Some reports suggest that the poor morale of the TSA screener workforce hampers the ability of Transportation Security Officers (screeners) to effectively do their jobs. TSA has established several key components for employees to resolve various problems using a variety of strategies and resolution techniques, including the Office of the Ombudsman, the Model Workplace Program (MWP), and the Integrated Conflict Management System (ICMS). The Office of the Ombudsman was set up to be an advocate for fair process, procedures, and programs for any employee, supervisor, or manager of TSA. TSA's MWP, established

within the Office of the Assistant Administrator for Business Transformation and Culture, is described as the creation of a culture where ideas and issues are raised and resolved respectfully through the implementation of an ICMS. TSA's ICMS is designed to be a proactive system to address employee issues through enhanced communication, cooperative problem solving, and prevention and better management of conflict. The system was established to provide greater support to the various TSA offices that handle complaints and create a broad program that would address conflict before it became problematic.

Objective: Determine the effectiveness of TSA's Office of the Ombudsman and associated initiatives to identify, analyze, address, and minimize workplace issues and concerns. *Office of Audits*

Controls Over Screener Uniforms, Badges, and Identification Cards

In early 2007, it was widely reported in the press that thousands of TSA uniforms and badges are missing from various airport locations throughout the United States. TSA disclosed that the agency believes that many have been stolen. One media outlet reported that more than 3,700 identification badges and uniform items have been reported lost or stolen from TSA employees since 2003. Security experts fear that individuals could obtain TSA uniforms for terrorist activities or other illegal purposes. The issue has received significant congressional attention, with one congressman proposing fines for TSA employees who lose or do not return their uniforms and badges.

Objective: Determine the effectiveness of TSA internal controls over TSA screener uniforms and identification badges. *Office of Audits*

TSA Sole Source Acquisitions

TSA is exempt from use of the Federal Acquisition Regulations (FAR) for supplies and services. Instead, the TSA Acquisition Management System, authorized under the *Aviation and Transportation Security Act of 2001*, established policy and guidance for TSA to acquire the supplies and services needed to achieve its mission.

TSA policy promotes use of competition to award contracts. TSA may contract with a single source when it is in TSA's best interest and the rational basis is documented. *Single source* is TSA's terminology for acquisitions entered into, or proposed to be entered into, after soliciting and negotiating with only one source. The rational basis may be based on emergencies, standardization, or only one source available to satisfy a requirement within the time required. The amount of documentation required to support a single source acquisition depends on the size, scope, and complexity of the proposed action.

Objectives: Determine whether (1) TSA properly justified less than full and open competition for single source contracts awarded during FY 2006; (2) management controls are in place to ensure that TSA awards single source contracts only in circumstances allowed under the TSA Acquisition Management System and that TSA complies with applicable policies and procedures; (3) for FY 2006 single source contracts, official records comply with the TSA Acquisition Management System requirement, including appropriate concurrences and approvals; and (4) TSA's award of selected single source contracts was appropriate. *Office of Audits*

TSA's Use of the National Deployment Force (Congressional)

The Chairman of the Subcommittee on Aviation, House Committee on Transportation and Infrastructure, requested that we review TSA's use of the National Deployment Force (NDF). Established in October 2003, the NDF consists of full-time passenger and baggage screeners who have a home airport but have volunteered to travel to other airports to provide screening support during emergencies, seasonal demands, or other special circumstances that require a greater number of screeners than are regularly available. There are concerns that the TSA is heavily reliant on the NDF in ways not intended and at great expense to the federal government.

Objectives: Determine (1) when, where, and why the NDF has been deployed; (2) the expenses incurred related to maintenance and deployment of the NDF, including lodging, travel, and per diem costs; (3) the overtime attributed to the NDF; and (4) the adequacy of TSA's standard operating procedures for the NDF. *Office of Inspections*

TSA's Management of Aviation Security Activities at Jackson Evers International Airport (Congressional)

A media report in September 2006 alleged that TSA employees in Jackson, Mississippi, claim security at Jackson-Evers International Airport is compromised regularly. The Chairman of the House Committee on Homeland Security requested that we review allegations that employees at the airport improperly compromised the integrity of TSA security inspections, that TSA supervisors allowed potentially dangerous passengers to board commercial aircraft, and that TSA managers at Jackson-Evers International Airport ignore safety procedures in order to protect their jobs and appease airlines flying out of Jackson. We will assess whether the integrity of the passenger screening process employed at Jackson-Evers International Airport ensures adherence to established TSA protocols and processes.

Objectives: Determine whether (1) Transportation Security Officers at Jackson-Evers International Airport received advanced notice of any covert testing; (2) Transportation Security Officers report the discovery of firearms and other dangerous prohibited items as

required in TSA policy and directives; and (3) existing processes, which authorize certain individuals to fly armed, need strengthening. *Office of Inspections*

Efforts to Enhance Transit and Passenger Rail Security

Recent bombings of commuter and subway trains in Europe and India attest to the vulnerability of passenger rail systems to terrorist attack. Every day, passenger rail systems in the United States carry nearly five times as many passengers as air carriers. DHS has taken several steps to manage risk and strengthen our Nation's rail and transit systems. DHS has provided \$374.7 million to 60 different commuter systems; has trained and deployed Security Enhancement Teams, canine teams, and Mass Transit Inspectors to high-risk areas; has developed new detection technologies; and is performing security assessments of systems across the country. DHS and TSA have also developed additional plans to better secure the Nation's commuter rail systems.

Objectives: Determine (1) the effectiveness of measures taken to date to enhance security throughout the Nation's commuter rail systems; (2) TSA's current and future plans to enhance rail security; and (3) the effectiveness of TSA's coordination with the Office of Infrastructure Protection and the Office of Grants and Training pertaining to commuter rail security enhancement. *Office of Inspections*

TSA's Security Screening Procedures for Employees at Orlando International Airport (Congressional)

On February 7, 2007, a local media report raised concerns that TSA officers at Orlando International Airport were permitted to enter airport sterile areas without undergoing routine screening procedures. On March 5, 2007, without authority, two airline employees at the airport successfully placed 14 guns onto a commercial airliner. Both were later arrested, one at the airliner's destination of Puerto Rico. Our review will focus on the security screening policies and procedures TSA uses for its own and airport employees as well as outside vendors. The local member of Congress and the Chairman of the House Committee on Homeland Security requested that we review TSA's security screening procedures for TSA office and airport employees at Orlando International Airport.

Objectives: Determine (1) whether TSA screening policies at the Orlando International Airport caused the airport to be susceptible to security breaches, particularly involving the introduction of prohibited items into any secure areas of the airport; (2) the overall effectiveness of TSA's oversight of current airport employee screening practices, including airport employee background investigations and TSA's newly implemented "surge" operations; and (3) whether screening 100% of airport employees who access an aircraft or the secure areas on an airport is feasible. *Office of Inspections*

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

United States Citizenship and Immigration Services Carryover Projects From FY 2007

United States Citizenship and Immigration Services Adjudication Process Part 1

United States Citizenship and Immigration Services (USCIS) is responsible for administering immigration and naturalization functions, and establishing policies and priorities for immigration services. USCIS is taking steps to improve its processing of immigration benefit applications and reduce its chronic backlog. Increasingly, USCIS is relying on lockboxes, largely a contracted operation, to receive petitions/applications for various immigration benefits and fees paid for these services. The advent of lockbox use improves controls over the fees collected for the services USCIS provides. Also, USCIS is applying IT to automate its processes. However, the adjudication of benefit applications and petitions is often complex and contentious. Delays and rework in processing often occur because of errors or omissions in applications and petitions requiring additional applicant submissions. Our preliminary review indicated that under recent automation and lockbox initiatives, applications continue to be rejected or delayed in processing.

In Part 1 of this review, we will focus on intake of applications and petitions to the adjudication process. In Part 2 of this review, we will focus on the eligibility determination procedures.

Objective: Determine whether the USCIS properly controls intake processes to ensure consistent and equitable application of criteria and procedures, and the timely handling of applications. *Office of Audits*

UNITED STATES COAST GUARD

Missions FY 2007 (Mandatory)

The *Homeland Security Act of 2002* directs the IG to conduct an annual review that assesses the performance of all USCG missions, with a particular emphasis on nonhomeland security missions. Homeland security missions include Illegal Drug

Interdiction; Undocumented Migrant Interdiction; Foreign Fish Enforcement; Ports, Waterways, and Coastal Security; and Defense Readiness. Nonhomeland security missions consists of Search and Rescue, Aids to Navigation, Ice Operations, Living Marine Resources, Marine Safety, and Maritime Environmental Protection.

Objective: Determine the extent to which USCG is maintaining its historical level of effort on nonhomeland security missions. *Office of Audits*

Audit of USCG Network Security

In our August 2005 report, we identified weaknesses in USCG's wire-based sensitive but unclassified networks. Specifically, we reported that USCG has not developed policies or procedures and fully implemented processes that address security testing, monitoring network activities with audit trails, and configuration and patch management. In addition, the contingency plan for USCG's network had not been tested. Our vulnerability assessments identified security concerns resulting from inadequate password controls, missing critical patches, vulnerable network devices, and inconsistent configuration and patch management. USCG agreed with our findings and recommendations and has taken steps to improve network security.

Objective: Determine what progress USCG has made in implementing effective security controls for its networks. *Office of IT Audits*

United States Coast Guard Carryover Project From FY 2007

Maritime Intelligence Operations Involving High-Risk Vessels Entering U.S. Ports

The USCG is responsible for identifying, detecting, tracking, boarding, inspecting, and escorting high-interest vessels that may pose a substantial risk to U.S. ports due to the composition of a vessel's crew, passengers, or cargo. More than 8,000 vessels make 51,000 port visits each year. As a result of *The Maritime Transportation Security Act of 2002*, the USCG has instituted strict reporting requirements for all vessels arriving and departing U.S. seaports and has developed a sophisticated decisionmaking matrix to target high-interest vessels, cargoes, and crews. Responding to high-interest vessels requires a substantial commitment of personnel, equipment, and funding.

Local sector commanders designate high interest vessels based on the targeting matrix, which includes data from the Intelligence Coordination Center and the local field intelligence support teams. For example, analysts at the Intelligence Coordination Center conduct automated analyses that match crew lists, provided under 96-hour notice of arrival regulations, with law enforcement (criminal and immigration) and anti-terrorism

databases to determine whether there is a threat. Commandant instruction mandates that all high-interest vessels be boarded. However, the manner in which these boardings are executed is the responsibility of the local sector commander.

Objectives: Determine the extent to which the USCG has: (1) implemented a methodology that is capable of identifying all high interest vessels, cargoes, and crews before they are permitted to enter U.S. ports; (2) accessed and evaluated all available intelligence needed to target high interest vessels in a timely and effective manner; and, (3) incorporated all applicable intelligence into the HIV designation and response process. *Office of Audits*

Marine Casualty Investigation Program, USCG (Congressional)

The House Committee on Transportation and Infrastructure and the Senate Committee on Commerce, Science, and Transportation, requested that we determine the extent to which marine casualty investigations and reports result in information and recommendations that prevent similar casualties, minimize the effect of similar casualties, and maximize lives saved in similar casualties.

Objective: Determine the extent to which marine casualty investigations and reports result in information and recommendations that prevent and minimize similar casualties, and maximize lives saved. *Office of Audits*

Plan for Improving Accountability, Deepwater Acquisition Program (Congressional)

During hearings conducted during the spring and summer of FY 2007, Congress expressed deep concern regarding the cost, schedule, and performance of key assets to be delivered by the Deepwater Acquisition Program.

Over the past 6 months, USCG has announced that two separate cutters being modernized or acquired under the Deepwater contract were not meeting the structural design and performance requirement outlined in the Deepwater contract. These problems have resulted in the withdrawal of cutters from service and a decision by USCG to temporarily suspend Fast Response Cutter (FRC) design efforts and to seek a commercial off-the-shelf replacement. As of December 31, 2006, USCG had obligated more than \$113 million toward these two acquisitions.

On January 29, 2007, we issued a report documenting serious crew safety and structural design issues with the National Security Cutter (NSC). Specifically, due to design deficiencies, the NSC's structure provides insufficient fatigue strength to be deployed underway for 230 days per year over its 30-year operational service life under Caribbean (General Atlantic) and Gulf of Alaska (North Pacific) sea conditions. The report also

indicates that USCG technical experts believe the NSC's design deficiencies could, if left uncorrected, increase the cutter's maintenance costs and reduce its service life.

The structural design and performance issues associated with the 123' patrol boat, the FRC, and the NSC will further undermine USCG's ability to perform its Deepwater and Homeland Security missions as well as cost American taxpayers hundreds of millions of dollars to remedy.

Objectives: Determine what (1) actions USCG has taken or plans to take to make the ICGS integrator accountable for failures associated with the 110'/123' Modernization Project, the acquisition of the FRC, Short Range Prosecutor (SRP), and NSC; and (2) plans USCG has developed to address operational gaps resulting from asset failures for these selected assets. *Office of Audits*

Acquisition of the Vertical Take-off and Landing Unmanned Aerial Vehicles

The Vertical Take-off and Landing Unmanned Aerial Vehicle (VUAV) is a short-range, shipboard deployable unmanned aircraft. The primary role of the VUAV system is to provide the USCG with the capability to survey, detect, classify, and identify targets of interest (TOI) that are operating beyond the visual range of the cutter or the range of its sensors. The VUAV's endurance and payload capability will allow the USCG to conduct short- or long-range surveillance missions, classify and identify targets from the air, covertly track and monitor TOIs, and establish long-range voice communications. This asset will be used to support maritime homeland security missions, as well as search and rescue, illegal drug interdiction, marine environmental protection, and military preparedness. The VUAV will be deployed aboard the NSC as part of the maritime security cutter "force package." The revised Deepwater plan projects the acquisition of 45 Bell Helicopter-Textron "Eagle Eye" tilt-rotor vertical takeoff-and-landing VUAVs. Delivery of the first production prototype and initial flight-testing are anticipated for fall 2008, with initial deployment expected in 2011.

Technical and contractual problems have hindered the VUAV program and delayed the implementation schedule. The VUAVs do not have the kind of detection and collision avoidance technology required to operate within the National Air Space and would therefore be limited to fly outside of zones used by manned aircraft. In April 2006, a VUAV demonstrator built by Bell crashed after an unexpected loss of engine power while hovering. Also, the performance-based contract that is being used to procure the VUAVs can result in errors in "translation" between government needs and the requirements that are included in the contract, possibly resulting in additional costs and reduced capabilities.

Objective: Determine to what extent USCG's oversight role and decisionmaking authority was effective in ensuring VUAVs are completed on time and within budget and achieve established operational capabilities. *Office of Audits*

UNITED STATES CUSTOMS AND BORDER PROTECTION

Use of Contractor Support Services *(Mandatory)*

The Secure Border Initiative (SBI) is a comprehensive effort to secure our borders that includes CBP's program to modernize border patrol operations called SBInet. SBInet is a new start, major acquisition program intended to gain operational control of the Nation's borders through improved use of technology, infrastructure, and personnel. CBP is using a high-risk acquisition strategy that is dependent on hiring a systems integration contractor to provide national and sector solutions for achieving the program's objective. In September 2006, CBP competitively awarded a systems integration contract to the Boeing Company. CBP is planning additional SBInet contract actions. Lacking organic capacity, CBP must also build the capacity to manage the program, and award and administer its many complex contract actions and interagency agreements as it starts the program. The team assigned will monitor the department's progress in building management and oversight capacity of SBInet contracts, focusing on the use of contractors, their roles and responsibilities, and examining the performance of inherently governmental functions within the SBI and SBInet program offices.

Objectives: Determine the extent and risks of CBP's reliance on contractor support services for inherently governmental functions, and its compliance with policy and regulations on use of contractor support services. *Office of Audits*

DHS Plan for Implementation of Secure Systems of Transportation *(Mandatory)*

The Coast Guard and Maritime Transportation Act of 2004, Public Law 108-293, Section 809 (c), requires the Secretary of DHS to submit to the Congress a plan for the implementation of secure systems of international intermodal transportation as directed by Section 70116 of title 46, United States Code. Section 70116 includes requirements for establishing standards and procedures for screening and evaluating U.S.-bound cargo prior to loading at a foreign port, standards for securing cargo and monitoring that security while in transit, and performance standards to enhance the physical security of shipping containers. Also, the plan must include a timeline for establishing the standards and procedures under Sec. 70116(b).

Sec. 809(d) requires that we submit to the Congress, 1 year after the plan is issued, an evaluation of the progress made by DHS in implementing the plan.

Objective: Determine DHS' progress in implementing its plan to secure systems of international intermodal transportation. *Office of Audits*

Automated Commercial Environment

The Automated Commercial Environment (ACE) Secure Data Portal is a customized computer screen similar to a website home page that connects CBP, the trade community, and other government agencies by providing a single, centralized, online access point for communications and information. ACE revolutionizes how CBP processes goods imported into the United States by providing an integrated, fully automated information system to enable the efficient collection, processing, and analysis of commercial import and export data. Currently, the ACE Secure Data Portal, the online access point to ACE, is accessible to more than 1,000 CBP and trade community users. By providing the right information, tools, and foresight, ACE will be a critical element for trade enforcement and in preventing cargo from becoming an instrument of terrorism.

Objectives: Determine whether DHS has implemented proper and effective security controls over ACE to ensure the efficient collection, processing, and analysis of commercial import and export data, including security acceptance testing performed by ACE sites when new technologies, system interfaces, or increments are deployed. *Office of IT Audits*

United States Customs and Border Protection Carryover Projects From FY 2007

SBI net Small Business Opportunities (Mandatory)

The SBI is a comprehensive effort to secure our borders that includes CBP's program to modernize border patrol operations called SBI net. SBI net is a new start major acquisition program intended to gain operational control of the Nation's borders through improved use of technology, infrastructure, and personnel. In September 2006, CBP competitively awarded a systems integration contract to the Boeing Company. CBP is planning additional SBI net contract actions. The teams assigned will assess whether CBP has effectively provided small business opportunities in pursuit of SBI net contract actions. The *FY 2007 Homeland Security Appropriations Conference Report* called for the IG to review and report on SBI net contract actions. Congressional concerns about SBI acquisitions had been expressed as early as November 2005, with the introduction of the *Secure Border Initiative Accountability Act of 2005*; specific concerns include

compliance with regulation and policy promoting competition and small business opportunities.

Objective: Determine whether SBIInet contracting strategies provide access to small business. *Office of Audits*

Implementation of the Secure Fence Act of 2006: Progress in Addressing Tactical Infrastructure Needs of Border Patrol (Mandatory)

As part of the tactical infrastructure deployed under SBIInet, CBP is challenged to construct the physical barriers required under the *Secure Fence Act of 2006* for specific stretches of the southwest border. The *Secure Fence Act of 2006* is driving the extent of infrastructure applied in the SBIInet mix of technology, infrastructure, personnel, and tactics CBP is deploying to control the border. The team will follow up on our November 2006 *Risk Management Advisory Report* on the SBIInet Program Initiation recommendations on defining operational requirements as basis for program decisions and performance management processes. This project is part of a series covering the SBI.

Objectives: Determine whether CBP has (1) made progress and is on target to meet the construction requirements as set forth in the *Secure Fence Act*; (2) properly planned and coordinated tactical infrastructure projects along the southwest border; and, (3) established effective oversight and controls for these projects. *Office of Audits*

Implementation of the Secure Fence Act of 2006: Challenges to Deploying Tactical Infrastructure to Control the Border (Mandatory)

As part of the tactical infrastructure deployed under SBIInet, CBP is challenged to construct the physical barriers required under the *Secure Fence Act of 2006* for specific stretches of the southwest border. The *Secure Fence Act of 2006* is driving the extent of infrastructure applied in the SBIInet mix of technology, infrastructure, personnel, and tactics CBP is deploying to control the border. The team will examine challenges to deploying tactical infrastructure, including keeping pace with technology and personnel deployments, addressing local and public concerns, and providing logistic support. Local and public concerns include land acquisition, site access, environmental, and government coordination issues. This project is part of a series covering the SBI.

Objectives: Determine whether CBP has (1) made progress and is on target to meet the construction requirements as set forth in the *Secure Fence Act*; (2) properly planned and coordinated tactical infrastructure projects along the southwest border; and, (3) established effective oversight and controls for these projects. *Office of Audits*

Border Patrol Facilities (Mandatory)

In addition to the tactical infrastructure deployed under SBInet, CBP is challenged to provide the facilities to support the expansion of the Border Patrol. Although a systems integration contract for SBInet was awarded to the Boeing Company in 2006, CBP retained option to use traditional sources of supply for its construction needs, including the Army Corps of Engineers, National Guard, and the General Services Administration (GSA). Such interagency support has not always accomplished expected results as shown in prior audits, as well as the SBInet program's lessons learned process. The team assigned will monitor the program's status and provide oversight of SBInet interagency and intergovernmental support agreements.

Objectives: Determine whether CBP has (1) properly planned and coordinated Border Patrol facilities construction projects along the southwest border, and (2) established effective oversight and controls for these projects. *Office of Audits*

Recruiting, Hiring, and Training of Border Patrol Agents

The priority mission of the Border Patrol is preventing terrorists and terrorists' weapons, including weapons of mass destruction, from entering the United States. The Border Patrol is responsible for patrolling nearly 6,000 miles of Mexican and Canadian international land borders and more than 2,000 miles of coastal waters surrounding the Florida Peninsula and the island of Puerto Rico. Border Patrol agents work around the clock on assignments, in all types of terrain and weather conditions, often in isolated areas.

In 2006, President Bush announced his commitment to hire an additional 6,000 Border Patrol agents by the end of 2008, bringing Border Patrol's total strength to more than 18,000 agents. Before CBP can hire the additional Border Patrol agents, they must first recruit sufficient numbers of applicants for the position of Border Patrol agent. Before appointment, recruits are screened and must undergo and satisfactorily complete a background investigation. Finally, each Border Patrol agent trainee must complete an 81-day resident course of instruction in integrated law, physical training, firearms instruction, driving, and Spanish. Border Patrol trainees must maintain a passing score in all courses of instruction in order to be retained.

Objective: Determine to what extent CBP has the capability to recruit, hire, and train new agents. *Office of Audits*

Management of CBP's Revenue Analysis Functions (CBP Revenue FY 2007)

One of the key functions of CBP is to increase compliance with the revenue collection laws. In FY 2007, CBP collected \$33 billion in duties, taxes, and fees. In FY 2007, the estimated amount of revenue loss due to noncompliance was \$374 million. CBP's Office of International Trade has two analytical functions to help close this gap: (1) the Account Management Program, which focuses on increasing compliance by selected companies; and (2) the National Targeting and Analysis Groups (NTAG), which focuses on increasing compliance for Priority Trade Issues.

Objective: Evaluate the efficiency and effectiveness of the analytical efforts of the CBP Account Management Program and NTAG to improve revenue collection compliance.
Office of Audits

CBP's Procurement of Untrained Canines (Congressional)

In February 2006, CBP issued a solicitation seeking vendors to provide untrained canines to train for DHS use. In April 2006, a total of \$71.6 million was awarded to seven vendors for the purchase of 2,725 dogs, at an average cost of \$26,000 per dog. A casual search of several websites revealed that untrained dogs of the same breed and age as those being sought under the contract are readily available for approximately \$1,000 each. Moreover, several news reports discussing the use of canines in security and detection operations have indicated that the cost of a fully trained dog is approximately \$6,000-\$10,000. At the request of the House Committee on Homeland Security, we will review CBP's procurement of untrained canines.

Objectives: Determine whether CBP's dog training program is being carried out in an effective, efficient, and economic manner, and whether it has had an impact on CBP's revised border protection strategy. *Office of Inspections*

**UNITED STATES IMMIGRATION AND CUSTOMS
ENFORCEMENT****FPS Contract Guard Procurement Process**

FPS is responsible for policing, securing, and ensuring a safe environment in which federal agencies can conduct business at approximately 9,000 facilities nationwide. To provide for the physical safety of government employees and visitors, FPS uses an estimated 1,200 employees and 15,000 contract guards. Our October 2006 audit of FPS contract guard service operations found that FPS did not pay invoices in a timely manner,

thereby violating the *Prompt Payment Act*. Last year, allegations surfaced about the veracity of one guard contractor's operating and billing practices.

Objective: Determine whether FPS has complied with applicable laws, regulations, and guidelines governing its guard services contracts. *Office of Audits*

United States Immigration and Customs Enforcement Carryover Projects From FY 2007

ICE Information and Communications Management Controls Related to Detainee Telephone Services

Federal detention standards require that holding facilities provide detainees reasonable and equitable access to telephones for (1) free calls for legal representation and home country consular services, and (2) paid calls to family, friends, and others. The federal government provides these services through a contract for free access to legal services and consulates and sale of debit cards that detainees use to pay for personal calls. Based on concerns about the vendor's compliance with several contract requirements, the Assistant Secretary for ICE requested that we audit this contract. In preparing our response, we identified potential weaknesses in ICE's management controls over information and communications related to provision of detainee telephone services.

Objective: Determine whether ICE information and communications management controls provide reasonable assurance that detainee telephone service is consistent with applicable standards and contract provisions. *Office of Audits*

FY 2007 Secure Border Initiative Financial Accountability: Acquisition Management of Detention Facility Requirements (Mandatory)

This project is part of a series covering the SBI. The FY 2007 *Homeland Security Appropriations Conference Report* and related language on the SBI expressed concerns about high-risk practices, cost and schedule control, affects of cost and schedule changes, and inclusion of small business and called for the IG to review and report on the SBI contract actions.

Unlike prior initiatives, SBI intends to bring a systems approach to meeting the challenge of border security. SBI seeks to put the right tools in the hands of the men and women on the front lines, facilitate the reduction of administrative and diplomatic obstacles to accomplishing border security missions, ensure that DHS resources are appropriately distributed, and institute systematic efficiencies. One aspect of SBI is improvements by ICE in the apprehension, detention, and removal of illegal aliens. With these improvements, SBI aims to end the practice of "catch and release" of illegal aliens. The

team will examine ICE's acquisition management of "bed space" needs to efficiently and effectively support Detention and Removal Operations (DRO).

Objective: Determine whether ICE has developed and implemented an effective, efficient plan and acquisition strategy for facilities needed to support DRO. *Office of Audits*

Conditions of Detention for ICE Detainees: Special Review of Two Cases Involving Detainee Deaths

Various reports have criticized whether ICE detention standards and oversight provide sufficient guidance to ensure that ICE detainees with symptoms of serious medical conditions receive appropriate and timely care. Untimely or inappropriate care increases the risk of detainee injury and death, plus the risk of preventable harm to all ICE detainees.

Objectives: Determine whether ICE officials and contractors complied with procedures in the event of detainee deaths, including relevant detention standards for medical care, notifications to next-of-kin, and disposition of property. *Office of Inspections*

ICE's Visa Security Processing

On September 26, 2003, the Departments of State (State) and Homeland Security signed a Memorandum of Understanding (MOU) per the *Homeland Security Act of 2002*. This MOU set the terms under which the two departments will work together in the visa adjudication process (Section 428 of the *Homeland Security Act*). However, overlap in missions and responsibilities between State and DHS staff continues to pose a problem in some embassies. This review will assess the competing authorities and procedures in visa screening that result when State Diplomatic Security Bureau Officers, State Consular Affairs Bureau Anti-Fraud Officers, and DHS Visa Security Officers are all present in a single embassy. It is proposed as a joint review with State at the U.S. Embassy in Manila, Philippines.

Objectives: Determine (1) the effectiveness of interaction and coordination, as well as the competing authorities and procedures in visa screening that result, when DHS Visa Security Officers and Department of State Diplomatic Security Officers and Consular Affairs Anti-Fraud Officers are present in a single embassy or consulate; (2) how the addition of Visa Security Officers in some locations has affected visa security; (3) the adequacy and relevance of training provided to Visa Security Officers; and (4) how the Visa Security Program will be expanded and implemented at additional international locations. *Office of Inspections*

MULTIPLE COMPONENTS

FY 2008 Secure Border Initiative Financial Accountability *(Mandatory)*

The *FY 2007 Homeland Security Appropriations Conference Report* called for the IG to review and report on the SBI contract actions. Congressional concerns expressed about SBI acquisitions include ensuring the accomplishment of program objectives; understanding of program's trade-offs of competing cost, schedule, and performance objectives; and ensuring compliance with regulation and policy promoting competition and small business opportunities. Additionally, Congress has expressed concerns that interagency agreements are not properly managed to efficiently accomplish objectives. The FY 2007 SBI Financial Accountability Review identified and assessed the risks and controls over SBI contract actions to ensure accomplishment of program objectives and compliance with applicable regulations and policies. The FY 2008 review updates that assessment and examines selected contract actions for compliance.

Objectives: Assess the risks and controls over SBI contract actions to ensure accomplishment of program objectives and compliance with applicable regulations and policies. Determine whether select contract actions comply with acquisition regulations and policies. *Office of Audits*

DHS Administrative Procedures for Handling Allegations of Employee Misconduct

To address allegations of criminal, administrative, and ethical misconduct, DHS maintains an extensive internal investigations community. Currently, DHS components, including the OIG, CBP, ICE, and TSA, conduct employee misconduct investigations. This review will assess administrative procedures used by DHS components for handling allegations of employee misconduct.

Objectives: Determine the current inventory and source of allegations received by DHS components; evaluate the process used to determine how allegations are assigned, managed, and disposed of; determine whether procedures used to refer allegations to our office are in compliance with DHS Management Directive 0810.1; and assess the coordination, collaboration, and information sharing among DHS components. *Office of Inspections*

Multiple Components Carryover Projects From FY 2007

FY 2007 Secure Border Initiative Financial Accountability: Internal Controls ***(Mandatory)***

This project is part of a series covering the SBI. The FY 2007 Homeland Security Appropriations Conference Report and related language on the SBI expressed concerns about high-risk practices, cost and schedule control, affects of cost and schedule changes, and inclusion of small business and called for the IG to review and report on the SBI contract actions.

Unlike prior initiatives, SBI intends to bring a systems approach to meeting the challenge of border security. SBI seeks to put the right tools in the hands of the men and women on the front lines, facilitate the reduction of administrative and diplomatic obstacles to accomplishing border security missions, ensure that DHS resources are appropriately distributed, and institute systematic efficiencies. For example, ICE and USCIS are two key components of the DHS “layered defense” approach to protecting the Nation and fulfilling the goals of SBI. ICE is responsible for apprehension, detention, and removal of illegal aliens and expansion of worksite enforcement. USCIS leads initiatives for the temporary guest worker program and expanding the employment verification program. Both contribute to a comprehensive solution toward reducing illegal migration, identification of criminal aliens, and increase our Nation’s safety and security from people intent on committing acts of terrorism against the United States. DHS budgets link about \$10 billion a year to SBI. While this includes expanded personnel and operations support, these components, USCG, and the Office of Procurement Operations spend about \$3 billion per year on SBI contracts.

Objective: Determine whether management controls over SBI contract actions are sufficient to ensure accomplishment of program objectives and compliance with applicable regulations and policies. *Office of Audits*

DHS Management of Overseas Operations

DHS was created with a considerable overseas presence formed by the international operations of its legacy organizations. DHS has since undertaken several significant initiatives to expand foreign operations further: the Container Security Initiative, the Immigration Security Initiative, and the Visa Security Program. Additionally, the *Intelligence Reform and Terrorism Prevention Act of 2004* calls for considerable future expansion of CBP pre-clearance facilities at airports around the world.

Objectives: Determine the scope and effectiveness of DHS oversight and policy direction for its overseas authorities and responsibilities, including interagency coordination of operational and resource requirements. *Office of Inspections*

Technical Security Evaluation Program of DHS Work Sites

Information security is an important goal for any organization that depends on information systems and computer networks to carry out its mission. However, because DHS components and their sites are decentralized, it is difficult to determine the extent to which DHS staff members are complying with security requirements at their respective work sites. Toward that end, we have developed an agency-wide information system security evaluation program.

The Chet Holifield Federal Building, Laguna Niguel, California, was chosen because it is used by several hundred DHS employees from CBP, ICE, and USCIS.

Objective: On an ongoing basis, at DHS sites, determine the effectiveness of safeguards and compliance with technical security standards, controls, and requirements. *Office of IT Audits*

Chapter 5 – Planned Projects Starting Between April 1, and September 30, 2008

DIRECTORATE FOR MANAGEMENT

Suspension and Debarment

Suspension and debarment are intended to prevent poor performance, waste, fraud, and abuse in federal procurement. Suspension temporarily excludes a person or company from bidding on, receiving, or participating in federally funded contracts and grants, pending completion of an investigative, legal, or administrative proceeding. The GSA, on behalf of the federal government, operates an Internet-accessible database that includes names and addresses of contractors who are excluded from federal contracts. As part of the responsibility determination that agencies make before soliciting contractors, they are to check the GSA database. When an agency becomes aware of a contractor's poor performance, it should take action that may lead to suspension and debarment. While DHS spends more than one-third of its budget through contracts and billions more in grants, it took not one suspension or debarment action in FYs 2005 and 2006.

Objectives: Assess the extent to which DHS is complying with applicable federal and DHS policies, procedures, and internal controls to ensure that selected vendors are not debarred, suspended, or otherwise ineligible for new federal contracts and that DHS takes appropriate measures to address performance or conduct problems with contractors, up to and including debarment. *Office of Audits*

Annual Evaluation of DHS' Information Security Program for FY 2008 (Mandatory)

In response to the increasing threat to information systems and the highly networked nature of the federal computing environment, Congress, in conjunction with the OMB, requires an annual review and reporting of agencies' compliance with the requirements under FISMA. FISMA includes provisions aimed at further strengthening the security of the federal government's information and computer systems, through the implementation of an information security program and development of minimum standards for agency systems.

Objectives: Determine what progress DHS has made in resolving weaknesses cited in our office's prior reviews. *Office of IT Audits*

Followup Review of DHS' IT Disaster Recovery Programs

In May 2005, we reported that DHS did not have a comprehensive IT disaster recovery program, leaving its programs and operations at risk. For example, 15 of the 19 (79%) facilities reviewed did not have a recovery site, or the recovery site was not fully operational. DHS agreed with our findings and recommendations, and initiated efforts to establish a comprehensive program.

Objective: Determine what improvements DHS has made in its disaster recovery capabilities since our May 2005 report. *Office of IT Audits*

Technical Security Evaluation of the National Center for Critical Information Processing and Storage

Information security is an important goal for any organization that depends on information systems and computer networks to carry out its mission. However, because DHS components and their sites are decentralized, it is difficult to determine the extent to which DHS staff members are complying with security requirements at their respective work sites. Toward that end, we have developed an agency-wide information system security program.

Objectives: On an ongoing basis, at DHS sites, determine the effectiveness of safeguards and compliance with technical security standards, controls, and requirements. *Office of IT Audits*

DHS OneNet

OneNet is a single network that is to use dual carriers to support interoperability and data sharing, in all DHS mission areas, among all DHS components. DHS is deploying OneNet to DHS components. DHS has deployed the initial core of the DHS OneNet and has built a primary Network Operation Center to monitor OneNet performance.

Objective: Determine DHS' progress in consolidating its networks onto OneNet to achieve operational efficiencies and cost savings. *Office of IT Audits*

DHS Personnel Security Clearance Screening

The DHS Personnel Security Division has the mission to “ensure the highest levels of confidence in employee and contractor trustworthiness, loyalty, integrity, and reliability.” However, one of the most important challenges confronting DHS is completing background checks on its employees and ensuring that employees have the necessary security clearance to perform their duties.

Objectives: Determine the progress of the DHS Personnel Security Division in (1) implementing needed DHS policies; (2) establishing position risk designations; (3) obtaining and updating clearances for executive, senior, other employees, and contractors; and (4) ensuring agency compliance with its directives, particularly reciprocity. Review DHS' use of investigative authority and how clearance processing time affects program performance. *Office of Inspections*

DIRECTORATE FOR NATIONAL PROTECTION AND PROGRAMS

Use of Critical Infrastructure Data for Programmatic Analysis (*Mandatory*)

The National Infrastructure Protection Plan envisions a comprehensive, national inventory of assets, known as the National Asset Database (NADB), to support its risk management framework. A maturing NADB is essential to develop a comprehensive picture of the Nation's critical infrastructure and key resources. Furthermore, it can inform DHS decisions about allocating resources to improve homeland security. Our June 2006 report, *Progress in Developing the National Asset Database*, recommended four improvements to the development and quality of the NADB. The Implementing Recommendations of the *9/11 Commission Act of 2007*, Public Law 110-53, Section 1001, sets additional standards for the NADB's organization and maintenance. The act requires our office to submit to Congress by August 3, 2009, a report evaluating DHS compliance with its provisions. We will also build upon our previous review by assessing the extent to which DHS uses the NADB to inform programmatic analyses.

Objectives: Determine (1) whether DHS is complying with statutory requirements for the organization and maintenance of the NADB, and (2) the extent that DHS is using the NADB to support its risk management framework. *Office of Inspections*

DIRECTORATE FOR SCIENCE AND TECHNOLOGY

Organizational Structure, Programs, and Human Capital Needs

The mission of the Directorate for S&T is to protect the homeland by providing federal and local officials with advanced technology and other resources. The directorate fulfills its mission through strategic objectives including to develop and deploy state-of-the art, high-performance, low-operating-cost systems to prevent, detect, and mitigate the

consequences of chemical, biological, radiological, nuclear, and explosive attacks; (2) to develop equipment, protocols, and training procedures for response to and recovery from chemical, biological, radiological, nuclear, and explosive attacks; (3) to enhance the technical capabilities of DHS operational elements and other federal, state, local, and tribal agencies to fulfill their homeland security-related missions; (4) to develop methods and capabilities to test and assess threats and vulnerabilities, to prevent technology surprise, and to anticipate emerging threats; and (5) to develop technical standards and establish certified laboratories to evaluate homeland security and emergency responder technologies. Scientists, technology experts from a variety of disciplines, and researchers are just a few of the types of staff S&T requires to execute its mission successfully.

Objectives: Determine (1) S&T's initiatives to attract and retain competent employees; (2) how employees' effectiveness is evaluated; and (3) the turnover rates at all levels of the directorate in comparison with other research, development, test, and evaluation organizations. *Office of Inspections*

FEDERAL EMERGENCY MANAGEMENT AGENCY

Use of State and Local Strategies and Capabilities in Grant Funding Decisions

States and urban areas are required to maintain a Homeland Security Strategy to provide (1) a blueprint for comprehensive, enterprise-wide planning for homeland security efforts; and (2) a plan for the use of related federal, state, local, and private resources before, during, and after threatened or actual domestic terrorist attacks, major disasters, and other emergencies.

FEMA has been tasked with assessing the progress made in achieving the goals and objectives stated in the state or urban area Homeland Security Strategies. FEMA must also assess progress made in accomplishing the national priorities issued under the guidance of the Homeland Security Presidential Directive 8, and the impact and progress that has been made using grant program funding. Ultimately, as these strategies and capabilities are fully implemented, requests for preparedness assistance will be expressed as clearly defined requirements based on existing strategies and capabilities. Requests would answer such questions as why a capability is needed; how the capability will be used and supported; what skills will be required; and how much the capability will cost.

Objectives: Determine the extent to which FEMA used the State and Urban Areas Security Initiative strategies and capabilities in grant funding decisions. Specifically determine how FEMA (1) captures data regarding strategies and capabilities; (2) monitors the strategies and capabilities; (3) verifies that strategies reflect current

capabilities; and (4) uses the information regarding the gaps between strategies and capabilities to award grant funds. *Office of Audits*

Selected 2007 Disaster Contracts

As of June 7, 2007, the President had declared 34 major disasters in 2007 across the United States, with 30 of those disasters in states other than the Gulf Coast States. Also in June 2007, FEMA had 17 open JFOs and spent hundreds of millions of dollars responding to these disasters. Since Hurricane Katrina, the focus has been on contracting in the Gulf Coast States with limited audit attention on other disaster activities. Because of the many lessons learned and reported during 2006 and new legislation enacted since Hurricane Katrina, FEMA has implemented a number of significant changes in the acquisitions area. However, there are concerns whether the significant policy changes have been properly documented, and if staff has been informed and trained so that there is effective and efficient implementation of these policies in the field.

Objectives: Audit ten select 2007 non-gulf-coast disaster contracts to determine (1) the extent FEMA has improved its ability to track, manage, and monitor disaster contracts; (2) what internal control changes have been made to reduce and deter the level of fraud, waste, and abuse regarding disaster contracts; and (3) what impact, if any, new acquisition-related legislation has had on the state of FEMA disaster acquisitions. *Office of Emergency Management Oversight*

Acquisition Management Review/Scorecard

The success of disaster relief efforts depends in great part on effectively employing the U.S. government's capacity to deploy efficiently and rapidly the means of relief and reconstruction: services, materials, and their supporting systems. This requires acquisition processes that are well structured and optimized for use in contingency situations. In May 2007, our office published an acquisition scorecard identifying the progress made in selected functions and activities within FEMA. The scorecard assessed the current status of the acquisition programs against key interrelated elements essential to an efficient, effective, and accountable acquisition process. This work provided a baseline for conducting further acquisition reviews, which we have incorporated into our 2008 performance plan. We will conduct another FEMA acquisition scorecard in the fall of 2008.

Objectives: Assess the current status of the acquisition programs against the following key interrelated elements essential to an efficient, effective, and accountable acquisition process: (1) organizational alignment and leadership, (2) policies and processes, (3) financial accountability, (4) acquisition workforce, and (5) knowledge management and information systems. *Office of Emergency Management Oversight*

FEMA's Nonspecific Disaster Support Accounts

Based on survey work on the DRF in FY 2007, additional review is needed on internal controls over the use of disaster support accounts to fund disaster-related activities that are not attributable or easily allocated to a specific disaster. The control environment poses a risk of misuse or abuse of these funds but more immediately does not allow for the transparency and accurate reporting of these funds. With the exception of reporting on direct disaster costs associated with the three 2005 hurricanes, Katrina, Rita, and Wilma, FEMA is only required to report on the DRF as a whole. FEMA is not required to report on DRF subaccounts.

Although disaster support accounts make up a small percentage of the overall DRF fund, these accounts averaged nearly \$338 million in annual expenditures over the last 5 fiscal years; nearly tripling within this timeframe. The criteria for using DRF funding is extremely flexible, allowing wide latitude in its use, making it difficult to discern whether DRF expenditures should be more appropriately charged to other FEMA appropriations.

Objectives: Determine whether funds are accurately tracked, and whether management controls are in place to prevent and detect misuse of the DRF. Determine whether expenditures comply with appropriate rules and regulations including OMB approvals and internal guidance. *Office of Emergency Management Oversight*

Disaster Closeout Process

Once disasters are declared, obligations are made in the DRF based on estimates of expenses. With a major disaster, it can be years before the programs are completed and the disaster closed out. There are currently more than 400 open disasters. If disasters are not closed in a timely manner, the obligations may be no longer valid thus distorting the unobligated balance available in the DRF.

Objective: Determine whether open disaster declarations should be closed and funds deobligated. *Office of Emergency Management Oversight*

FEMA's Housing Strategy for Future Disasters

Despite the availability of housing units in other federal agencies' inventories, FEMA purchased more than 140,000 emergency housing units, including travel trailers, mobile homes, and modular housing kits in response to Hurricanes Katrina, Rita, and Wilma. Many of the purchased units were never used, some were inappropriate and could not be used in the intended areas, and most of the modular kits were never assembled and have since deteriorated in unprotected storage. FEMA extended its disaster housing mission past the 18 months authorized in the *Robert T. Stafford Act*, as amended. The President requested that FEMA and the Department of Housing and Urban Development (HUD)

create a process to transition long-term disaster housing to HUD. Legal concerns about *Stafford Act* restrictions have delayed the process for transition.

In response to the National Disaster Housing Strategy that was mandated in the *Department of Homeland Security Appropriations Act, 2007*, FEMA has promised a different approach in the future to avoid such problems

Objectives: Determine the efficacy of FEMA's (1) interagency housing coordination; (2) strategic plans for providing emergency housing to future disaster victims; and (3) strategy for addressing the persistent TH issues. *Office of Emergency Management Oversight*

FEMA's Management of Mission Assignments

FEMA uses mission assignments to coordinate the deployment of resources from other federal agencies and is responsible for administering expenditures from the DRF. Key elements of the successful execution and management of mission assignments involve establishing mission assignment requirements, identifying what entity or entities can best fulfill those requirements, coordinating and monitoring mission assignment implementation, verifying expenditures and accounting for procured property, and administratively closing mission assignments according to established procedures.

Objectives: Determine to what extent FEMA is (1) establishing mission assignment requirements and identifying appropriate capabilities to fulfill those assignments; and (2) coordinating and monitoring the implementation of mission assignments. *Office of Emergency Management Oversight*

FEMA's National Processing Service Center Operations

FEMA's National Processing Service Centers are central to successfully maintaining the FEMA helpline and registering and processing applications from disaster victims. During Hurricane Katrina recovery efforts, FEMA experienced problems meeting staffing requirements for these operations and ensuring that personnel were trained to implement appropriate business processes to assist disaster victims.

Objectives: Determine to what extent FEMA is prepared to meet staffing requirements and address the increased volume of inquiries and applications during large-scale disasters. *Office of Emergency Management Oversight*

FEMA's Use of Interagency Agreements

FEMA executes interagency agreements with other federal agencies to obtain goods and services for disaster work that is expected to last longer than the 60 days defined in regulations for mission assignments. As with any acquisition, FEMA is responsible for ensuring that the procurement is appropriate and controls are in place, sufficient oversight is performed and expenditures are verified, and work is completed according to the terms of the agreement and administratively closed following established procedures.

Objectives: Determine to what extent FEMA is (1) following established policies and procedures in initiating and administering interagency agreements; (2) appropriately monitoring implementation; (3) ensuring that expenditures from the DRF are verified and procured property is accounted for; and (4) closing interagency agreements in a timely manner according to established procedures. *Office of Emergency Management Oversight*

State Administration of FEMA's Public Assistance Projects

States, as grantees, are responsible for ensuring that FEMA subgrantees are aware of requirements imposed on them by federal statutes and regulations and are required to monitor subgrantee activities to ensure compliance with applicable federal requirements. Under FEMA's PA program, states are provided an allowance to cover the extraordinary costs incurred by state employees in managing PA projects. Such management activities include preparing project applications, formulating project worksheets, validating small projects, and conducting final inspections. Eligible costs include overtime pay and per diem and travel expenses, but not regular time.

States are required to submit Administrative Plans to FEMA on how they plan to administer grants under the PA program. Each plan must include specific procedures regarding all phases of grant management and must be approved by the appropriate FEMA Regional Office. States also are required to report quarterly to FEMA on the status of all open, large PA projects. Progress reports are critical to the states and FEMA in determining the status of projects, including the stage of project completion, incurred costs, and any problems that could result in delays, cost overruns, or noncompliance with federal grant conditions.

Over the past several years, our reviews of disaster-related costs claimed by FEMA subgrantees have consistently disclosed poor grant accounting, improper contracting practices, and costs charged to the grants that were not eligible for FEMA reimbursement.

Objectives: Determine whether states (grantees) are (1) providing adequate guidance to subgrantees to ensure that they are aware of grant requirements and eligibility of costs;

(2) sufficiently monitoring the activities of subgrantees; (3) submitting Administrative Plans and quarterly progress reports that include required procedures and elements for proper grant administration; and (4) using the administrative allowance for authorized purposes. *Office of Emergency Management Oversight*

Effectiveness of FEMA’s Remedial Action Management Program

FEMA has used after-action reports, facilitator-led discussions called “hot washes,” and third-party reviews following disasters to identify “lessons learned” and solutions to problems that occurred during disaster response and recovery operations. However, corrective actions were not always implemented or tracked. In 2003, FEMA implemented the Remedial Action Management Program designed to consolidate, assign, track, and monitor the remediation of problems that were identified following disasters.

Objective: Determine to what extent FEMA is using its Remedial Action Management Program to implement lessons learned from Hurricane Katrina and other disasters to improve its readiness for the next catastrophic disaster. *Office of Emergency Management Oversight*

Tracking Public Assistance Insurance Requirements

According to title 44, CFR 206.253, “No assistance shall be provided under Section 406 of the *Stafford Act* for any facility for which assistance was provided as a result of a previous major disaster unless all insurance required by FEMA as a condition of the previous assistance has been obtained and maintained.” Both FEMA and the states, as grantees, are responsible for tracking facilities that received federal disaster assistance in previous disasters, and for ensuring that funds are not provided a second time to a facility for which insurance coverage was not maintained as required.

Objectives: Determine (1) the extent to which FEMA and the states monitor and track insurance requirements; and (2) whether facilities that were required to maintain insurance, but did not, received assistance a second time. *Office of Emergency Management Oversight*

***Gulf Coast Hurricane Recovery Oversight
Carryover Projects From FY 2007***

Federal Disaster Relief Assistance Applications and Databases (Mandatory)

Conference Report H.R. 109-699 to H.R. 5441 – *Department of Homeland Security Appropriations Act, 2007*, Title Vi – National Emergency Management, Sec. 696, states that all programs in DHS that administer federal disaster relief assistance should develop and maintain proper internal management controls to prevent and detect fraud, waste, and abuse. This act requires that the IG determine the existence and implementation of these internal management controls. This performance audit will ensure that adequate IT controls are in place over FEMA’s NEMIS application.

Objective: Determine whether FEMA has established adequate internal controls for its emergency management systems (i.e., procedures, processes, systems, etc.) and that the controls are in place and monitored to ensure accurate and proper reporting and payment to disaster victims. *Office of IT Audits*

OFFICE OF INTELLIGENCE AND ANALYSIS

Annual Evaluation of DHS’ Information Security Program (Intelligence Systems) for FY 2008 (Mandatory)

Identifying potential information security threats to DHS’ intelligence systems is key in evaluating DHS’ intelligence program. The loss or compromise of DHS’ intelligence systems or the data contained on those systems can have severe consequences, affecting national security, U.S. citizens, and the department’s missions. In response to the increasing threat to information systems and the highly networked nature of the federal computing environment, Congress, in conjunction with the Director of National Intelligence, CIO, and OMB, requires an annual evaluation and reporting of the security program over agencies’ intelligence systems. FISMA, and the Director, Central Intelligence Directive 6/3, *Protecting Sensitive Compartmented Information Within Information Systems*, requirements will be used as criteria for the evaluation.

Objectives: Perform an independent evaluation of the effectiveness DHS’ information security program and practices for its intelligence systems and to also determine what progress DHS has made in resolving weaknesses cited in the prior year’s review. *Office of IT Audits*

OFFICE OF OPERATIONS COORDINATION

Information Sharing at the National Operations Center

The National Operations Center within DHS provides real-time situational awareness and monitoring of the homeland, coordinates incident response activities, and, in conjunction with the Office of Intelligence & Analysis, issues advisories and bulletins concerning threats to homeland security and specific protective measures. The center operates 24 hours a day, 7 days a week, 365 days a year to coordinate information sharing to help deter, detect, and prevent terrorist acts and to manage domestic incidents. It collects and fuses information from more than 35 federal, state, territorial, tribal, local, and private sector agencies. It shares information on domestic incident management with emergency operations centers at all levels through the Homeland Security Information Network (HSIN).

Objective: Determine what functional and organizational changes the National Operations Center made after Hurricane Katrina to manage the flow of information better, specifically what new procedures were instituted to ensure that incoming reports are properly reported within the center and to the Secretary. *Office of Inspections*

TRANSPORTATION SECURITY ADMINISTRATION

TSA's Progress in Securing General Aviation Facilities *(Congressional)*

General aviation, which is the operation of civilian aircraft for purposes such as business, personal, and instructional flying but not commercial passenger transport, accounts for approximately 77% of flights in the United States. The 9/11 Commission concluded that "major vulnerabilities" exist in general aviation security, but the Commission did not make specific recommendations in this area. In 2003 and 2004, TSA worked with the Aviation Security Advisory Committee and industry stakeholders to develop voluntary *Security Guidelines for General Aviation Airports*. However, since the publication of the guidelines, media reports have shown that security at some general aviation airports is easily defeated. At the request of the Chairwoman of the Subcommittee on Transportation Security and Infrastructure Protection within the House Committee on Homeland Security, we will review TSA's efforts to improve the security of general aviation facilities.

Objectives: Determine the steps TSA and industry stakeholders have taken in the past three years to strengthen general aviation security. Determine what, if any, challenges TSA faces in strengthening general aviation security. *Office of Inspections*

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

USCIS Adjudication Process Part 2

USCIS is responsible for administering immigration and naturalization functions and establishing policies and priorities for immigration services. USCIS Adjudication Officers at regional centers interpret and apply laws and regulations regarding eligibility for immigration benefits such as naturalization. Adjudication Officers determine eligibility of the applicants for immigration and citizenship benefits, review motions for reconsideration, and make the final determination on cases. Inefficiencies in processing applications have resulted in a large backlog and thousands of *Freedom of Information Act* requests inquiring about the status of applications. These inefficiencies and fraud have been reported in prior audits, as well as the lack of automation. In Part 1 of this review, we focused on the intake of applications and petitions to the adjudication process. In Part 2 of this review, we will focus on the eligibility determination procedures.

Objective: Determine whether the USCIS properly controls adjudication processes to ensure consistent and equitable application of criteria and procedures, and the timely handling of applications. *Office of Audits*

UNITED STATES COAST GUARD

Deepwater C4ISR Systems, USCG

We conducted a review of USCG's efforts to design and implement command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) systems to support the Integrated Deepwater System program. The review, which was completed in August 2006, determined that USCG's efforts to oversee the development of its C4ISR systems needed improvement. Specifically, the USCG had done a poor job identifying, implementing, and enforcing C4ISR system requirements. As a result,

testing, certification, and accreditation of key Deepwater C4ISR systems was difficult to achieve, thereby placing systems security and operations at risk.

USCG continues to encounter challenges in the development and deployment of key Deepwater C4ISR systems. For example, USCG has identified scores of instances where C4ISR system components installed aboard its 378', 270', 210' cutters fleets are either obsolete (unsupportable by the original equipment manufacturer) or nearing the end of their service life (support through spares attrition only). Similar issues were also identified (to varying degrees) with the Deepwater SRP, the Long Range Interceptor, the 123' patrol boat, and the NSC. It is not yet clear the extent to which the problem extends to shoreside C4ISR installations. If this situation is not remedied, USCG could soon experience difficulty meeting and maintaining the readiness and operational capability of its cutter, patrol boat, and small boat fleets. System obsolescence also increases life cycle costs over the service life of these assets.

Objective: Determine the extent to which system obsolescence is impacting the operational readiness and performance of C4ISR systems installed by the Deepwater Program. *Office of Audits*

USCG Enterprise Architecture Implementation Process

The DHS Enterprise Architecture (EA) framework establishes the roadmap to achieve an agency's mission through optimal performance of its core business processes within an efficient IT environment. EAs are blueprints for systematically and completely defining an organization's current and desired environment. EAs are essential for evolving information systems and developing new systems that optimize their mission value. We will evaluate how the USCG's EA framework maps to the DHS EA framework. The audit will identify any voids in the transition planning from the USCG's legacy (C4ISR) "As Is" to the DHS "To Be" enterprise framework.

Objectives: Determine the level of compliance with established federal guidance and DHS EA policies and procedures, and to determine whether or not the USCG has aligned their strategic plans and individual business priorities within an appropriate EA framework. *Office of IT Audits*

UNITED STATES CUSTOMS AND BORDER PROTECTION

CBP's Northern Border Security Efforts

The U.S.-Canada border consists of approximately 4,000 – 5,000 miles of border. As part of its Strategy, CBP must also address issues inherent in locations along the Northern Border designated as reservation lands for Native American peoples that allow more limited access on both the U.S. and Canadian sides of the border.

Additionally, over 90% of Canada's population lives within 100 miles of the U.S.-Canada border. Although the U.S. and Canada enjoy an extremely cooperative relationship, intelligence indicates that some individuals and organizations in Canada who reside near the border represent a potential threat to U.S. national security. The Northern Border also has well-organized smuggling operations, which can potentially support the movement of terrorists and their weapons.

To combat these threats, CBP is developing a comprehensive strategy to protect the Northern Border. As part of this strategy, CBP is placing additional Border Patrol agents and Air and Marine bases, assets along the Northern Border with Canada. Further, CBP is expanding its use of technology, such as improving its communications and data infrastructure to support sensing and response capability, and implementing the use of Unmanned Aerial Vehicles.

Objectives: Assess CBP's Northern Border security strategy and report on the status of its implementation efforts. *Office of Audits*

Progress Report on CBP's Automated Targeting System *(Mandatory)*

CBP has a multilayered strategy for screening high-risk cargo shipped to the United States. CBP's Automated Targeting System (ATS) is critical component of this strategy and will be used to identify high-risk cargo that warrants physical screening and inspection. CBP uses the targeting system to identify those containers that pose a higher risk as it screens more than 11 million containers that arrive annually. CBP officers physically inspect the high-risk containers for terrorism-related materials.

The multilayered security strategy extends our borders by working with export countries to target and inspect containers before they reach the United States by developing and implementing systems that will capture exam results and images, requiring importers and carriers to provide critical information sooner in the supply chain, and other initiatives that improve security of shipments. ATS is a tool used by CBP to capture and analyze

information that is used to identify and target high-risk shipments. It is critical that secure strategies implemented and still under development truly address known system and operational challenges, and allows ATS to become more effective.

The *Coast Guard and Maritime Transportation Act of 2004*, Public Law 108-293, Section 809 (g), requires the IG to evaluate and report on the effectiveness of the cargo inspection targeting system for detecting international cargo containers potentially being used for acts of terrorism.

Objective: Determine CBP's progress in improving ATS as a tool in the multilayered security strategy. *Office of Audits*

Cash Collections and Deposits *(Mandatory)*

CBP collects \$3.2 billion in cash and checks annually. The remaining 90% of CBP revenue is collected and deposited electronically. CBP is trying to reduce cash collections because of the higher risk and cost associated with handling money. Cash is more susceptible to loss or theft than electronic payments.

The Revenue Division is in the process of installing new electronic cash registers in 76 locations to replace older equipment. The electronic cash registers are integrated with the mainframe revenue system, the Electronic Collection System (ECS). It also provides a tracking mechanism whereby CBP can identify the cash register, employee, transaction amount, and transaction type. CBP collects cash three ways. First, CBP officers process collections using electronic cash registers that are integrated with ECS. Second, locations that do not have electronic cash registers use standalone cash registers. Third, CBP Officers use serially numbered forms as receipts for cash and checks collected from passengers and importers. The Revenue Division monitors the serially numbered forms through Coordinators and Form Control Officers at the ports.

Objective: Determine the effectiveness of CBP's internal controls for receipting, storing, transporting, recording, and depositing cash collections. *Office of Audits*

Small Vessel Security

Small vessels can be used to smuggle narcotics, illegal aliens, and other contraband into the United States, and pose a terrorist threat. On June 19-20, 2007, DHS held a National Small Vessel Security Summit with a select group of small vessel maritime stakeholders and top federal, state, and local government officials to discuss concerns and issues posed by small vessels being used by terrorists in U.S. waters. The Secretary of DHS, the Commandant of the USCG, the Commissioner of the CBP, and the Director of the Domestic Nuclear Detection Office (DNDO) attended the summit. The Summit was intended to compile information to be used in national-level decisions involving the

development of small vessel security measures to detect, deter, interdict, and defeat terrorist use of small vessels in U.S. waters.

Operators of small pleasure vessels arriving in the United States from a foreign port or that met another vessel or received merchandise outside U.S. territorial waters, are required to report their arrival to CBP. CBP may direct the vessel to a nearby port of entry to satisfy the face-to-face requirement, or to another location. There are four programs that may exempt participants from the face-to-face inspection at a designated reporting location. CBP tracks these reports using the Pleasure Boat Reporting System.

Objective: Determine the effectiveness of DHS requirements and capabilities to prevent the use of small vessels to smuggle illegal people or goods into the United States. *Office of Audits*

MULTIPLE COMPONENTS

Effectiveness of the DHS Traveler Redress Inquiry Program (TRIP) (Congressional)

In January 2006, DHS and the Department of State announced plans to accelerate creation of a process for government-wide traveler screening redress. The DHS TRIP is a voluntary program to provide a one-stop mechanism for individuals to request redress when they believe watchlists or DHS screening programs have led to their being (1) denied or delayed boarding transportation; (2) denied or delayed entry into or departure from the United States at a port of entry; or (3) identified for additional secondary screening at our Nation's transportation facilities, including airports and seaports. DHS TRIP processes the requests for redress or assistance, in coordination with the TSA, CBP, USCIS, ICE, U.S. Visitor and Immigrant Status Indicator Technology Program, DHS Office for Civil Rights and Civil Liberties, DHS Screening Coordination Office, DHS Privacy Office, Department of State, and Federal Bureau of Investigation's Terrorist Screening Center. At the request of the Chairman of the House Committee on Homeland Security, we will review the effectiveness of the DHS TRIP program.

Objectives: Determine whether (1) information is collected, processed, and safeguarded as intended; (2) responses to individual requests are processed in a timely manner; and (3) the program has accelerated the refinement and correction of erroneous screening information and is contributing to screening process improvements. *Office of Inspections*

DHS Privacy Management

The DHS Privacy Office works with DHS components to build a culture of privacy within DHS. The DHS Privacy Office reviews Systems of Records Notices and Privacy Impact Assessments during the early stages of IT systems development. However, DHS does not currently have a means to rapidly evaluate the high-level management support of privacy programs and assurance of transparency and accountability for privacy practices once operationalized at each of its components. The *Privacy Act of 1974*, as amended, and the *E-Government Act of 2002* require that DHS management protect sensitive, mission-critical data and personally identifiable information contained in its systems of record.

Objectives: Determine, through a series of audits, how effectively DHS and its components are developing and implementing privacy programs to protect personally identifiable information. *Office of IT Audits*

Chapter 6 – New Projects Added for FY 2008

DIRECTORATE FOR MANAGEMENT

(New) FEMA’s Working Capital Fund

FEMA uses the working capital fund (WCF) to support the centralized services provided through selected facilities. The primary customers for the facilities include both FEMA organizations and other federal agencies.

Objective: Determine the appropriateness of the budget and related WCF costs. We will also validate the algorithm to determine whether customers are appropriately charged.
Office of Audits

(New) DHS’ Implementation of OMB Circular A-123

DHS Chief Financial Officer developed the *Internal Control Playbook* to provide a methodology for implementing the internal control provisions of the *DHS Financial Accountability Act* and OMB Circular A-123, *Management’s Responsibility for Internal Control*, Appendix A.

Objective: Determine the department’s compliance with implementation of OMB Circular A-123 and with the guidance developed in the *Internal Control Playbook*.
Office of Audits

(New) CBP Award Fees for Enforcement Equipment Maintenance and Field Operations Support Contract *(Congressional)*

On November 26, 2007, Senator Hillary Clinton requested that we conduct a broad review to determine the effectiveness of DHS’ award fee process as it relates to federal guidelines and successful acquisition outcomes. Senator Clinton cited a number of reports about award fee payments to DHS contractors regardless of their performance. As a follow-on to our recent report (OIG-08-10) that Senator Clinton cited, we are auditing the award fees CBP paid to Chenega Technology Services Corporation (Chenega) for work on its enforcement equipment maintenance and field operations support contract. On September 11, 2003, CBP awarded Chenega a sole source, cost-plus-award-fee contract to maintain high technology enforcement equipment, formerly referred to as nonintrusive inspection equipment. To determine semiannual award fees,

CBP evaluates the contractor on about 20 performance requirements. Each requirement has an associated weight that determines the percentage of the award fee pool (6% of estimated contract costs) available for the requirement. Through September 29, 2007, CBP paid the contractor almost \$8.1 million (88%) in award fees of the \$9.2 million available.

Objective: Determine whether CBP's award fees to its enforcement equipment maintenance and field operations support contractor were linked to successful acquisition outcomes and complied with applicable laws, regulations, policies, and procedures.
Office of Audits

(New) Auditability Assessment of the DHS Budgetary Accounts

The *Chief Financial Officers Act* requires that DHS have an annual consolidated financial statement audit. The audit includes roll-ups from full scope standalone audits for CBP, TSA, and FLETC. However, ICE, USCIS, FEMA, and USCG have had only balance sheet audits, thus limiting internal control testing over budgetary accounts. As part of the 2008 internal control performance audits, these components will have an auditability assessment of the budgetary accounts at the materiality component level.

Objectives: Determine whether material account balances reported on the Statement of Budgetary Resources are fairly stated and identify internal controls weaknesses related to budgetary accounts. *Office of Audits*

(New) Other Than Full and Open Competition Procurements (Mandatory)

Competition is presumed to provide the government the best value in obtaining needed supplies and services. Without proper competition, the government may be unable to ensure reasonable cost and performance. Federal regulations provide for noncompetitive acquisitions under certain conditions. Allowable justifications for sole source awards include special programs, such as the 8(a) Business Development Program for small and disadvantaged businesses. When the federal government awards contracts with other than full and open competition, the procuring agency must document its justification in writing and obtain the concurrence and approval of appropriate designated officials. The House of Representatives included a general provision in the *Department of Homeland Security Appropriations Bill, 2008*, that would limit obligation of funds for contracts and grants unless they are competitively awarded, except during national emergencies. Moreover, past GAO and OIG audits identified both improper use of sole source awards and poor cost controls for legitimate sole source awards throughout the government. Given DHS' fundamental deficiencies and weak control environment, sole source awards leave DHS vulnerable to excessive cost and poor performance.

We are currently auditing TSA “single source” awards during FY 2006. *Single source* is TSA’s terminology for acquisitions entered into, or proposed to be entered into, after soliciting and negotiating with only one source. TSA is exempt from the FAR and relies instead on the TSA Acquisition Management System, authorized under the *Aviation and Transportation Security Act of 2001*. During FY 2008, we plan to audit further DHS use of other than full and open competition.

Objectives: Determine whether adequate controls are in place to ensure that DHS uses other than full and open competition only in circumstances allowed under federal regulations and properly justifies its use. *Office of Audits*

FEDERAL EMERGENCY MANAGEMENT AGENCY

(New) States’ Management of State Homeland Security Grant Program and Urban Areas Security Initiatives Program, Six States to Be Determined *(Mandatory)*

FEMA is responsible for enhancing the capabilities of state and local jurisdictions to prevent, protect against, respond to, and recover from incidents of terrorism and other catastrophic events. To meet this responsibility, FEMA awards federal homeland security grant funds to assist states and local jurisdictions in acquiring specialized training, conducting preparedness exercises, and acquiring equipment needed to respond to terrorist attacks and other catastrophic events in their communities. These homeland security grants encompass several different grant programs, including the State Homeland Security Program and the Urban Areas Security Initiative Program. Public Law 110–53, Implementing Recommendations of the *9/11 Commission Act of 2007*, August 3, 2007, requires us to audit each state that receives State Homeland Security Program and Urban Areas Security Initiative grant funds at least once during the next 7 years. As part of our continuing effort to evaluate states’ management of homeland security funds, we will initiate audits in six previously unaudited states.

Objectives: Determine the extent that six selected states have effectively and efficiently implemented the State Homeland Security Grant Program and, if applicable, the Urban Areas Security Initiative program, achieved the goals of the programs, and spent funds in accordance with grant requirements. *Office of Audits*

(New) Audit of the State of West Virginia’s Administration of the Public Assistance and Hazard Mitigation Programs

States are required to submit Administrative Plans to FEMA on how they plan to administer grants under FEMA’s PA and HM programs. Each plan must include specific procedures regarding all phases of grant management and must be approved by the appropriate FEMA Regional Office. States are also required to report quarterly to FEMA on the status of all open large PA and HM projects. Progress reports are critical to the states and FEMA in determining the status of projects, including the stage of project completion, incurred costs, and any problems that could result in delays, cost overruns, or noncompliance with federal grant conditions.

Objective: Determine whether the state has established sufficient internal controls over the PA and HM programs. *Office of Emergency Management Oversight*

(New) Interagency Agreement With U.S. Department of Housing and Urban Development for the Disaster Housing Assistance Program

FEMA entered into an interagency agreement with HUD to administer the Disaster Housing Assistance Program. The agreement required HUD to act as a servicing agent to provide temporary long-term housing rental assistance and case management to identified individuals and households displaced by Hurricanes Katrina and Rita. FEMA program officials responsible for the Disaster Housing Assistance Program contacted our office with concerns relating to the potential for duplication of fees being paid, as well as administrative fees being paid for services not rendered.

Objective: To determine whether certain elements of the proposed modifications relating to compensation for program services could result in duplicate or improper payments. *Office of Emergency Management Oversight*

(New) Review of Contracts Awarded by the Mississippi Transitional Recovery Office (TRO)

As of June 12, 2007, FEMA contracting officers at the Mississippi TRO had awarded 38 contracts totaling an estimated \$278 million. These contracts covered a broad range of goods and services including items such as pad leases for temporary housing units, armed guard security, base camps, and meals ready to eat. It is essential that all acquisitions be handled in an efficient, effective, and accountable manner.

Objective: Determine whether contracts awarded by FEMA Mississippi TRO were awarded and administered according to FAR and FEMA guidelines. *Office of Emergency Management Oversight*

(New) Boone County Fire Protection District

We were asked to review documentation provided by the Boone County Fire Protection District (district) to support its claims for preparedness grant payments and deployment reimbursements. This audit will assess whether the district (1) commingled FEMA preparedness grant funds with other federal and nonfederal funds, (2) properly accounted for and recorded FEMA transactions within the grant performance period, and (3) drew downs and properly applied FEMA preparedness grant funds for preparedness expenses incurred.

Objective: To determine whether the Fire Protection District (Sponsoring Organization for Missouri Task Force One) properly applied FEMA's National Urban Search and Rescue funds during FY 2002 through FY 2006. *Office of Emergency Management Oversight*

(New) Review of FEMA's Acquisition and Sourcing for Goods and Services Necessary for Disaster Response

For all incidents, it is essential to prioritize and clearly communicate incident requirements so that resources can be efficiently matched, typed, and mobilized to support operations. Large-scale events, in particular, may require sophisticated coordination and time-phased deployment of resources from the private sector; nongovernmental organizations; foreign governments and international organizations; and local, tribal, state, and federal government entities. Mobilization and deployment will be most effective when supported by planning that addresses the universe of available resources, including: (1) prepositioned FEMA resources, (2) mission assignments/prescribed mission assignments, (3) interagency agreements, (4) advance readiness contracts, and (5) state-owned or state-controlled resources, and a strategy for determining when to use which resources.

Objectives: Determine to what extent FEMA has (1) catalogued key disaster response resources, (2) developed a strategy for the effective mobilization and deployment of critical resources from a variety of sources in response to incidents, (3) developed and tested a system that key stakeholders can readily use to determine what resources are available, and which sources they should use in order to efficiently and effectively send needed goods and supplies, (4) communicated effectively with key stakeholders so that everyone understands the procedures for mobilizing and deploying critical disaster response resources; and (5) developed procedures to minimize unnecessary duplication. Where sourcing duplication exists, we will conduct case study analyses to determine whether there are major differences in prices/agreements and whether there are guidelines for choosing which source to use. *Office of Emergency Management Oversight*

(New) Federal Incident Management Planning Efforts

The federal incident management planning structure consists of multiple requisites: General Guidance; National Planning Scenarios; Strategic Guidance; Federal Interagency Concept Plans; Federal Department and Agency Operations Plans; and the Secretary's Playbooks, which are detailed checklists that the DHS Secretary uses to ensure a coordinated response to an incident. In January 2008, DHS released the National Response Framework that provides a general guide to national incident management response. It is essential that federal plans that support the National Response Framework and federal planning structure be completed.

Objective: Determine to what extent other planning requisites have been fulfilled within the federal planning structure. *Office of Emergency Management Oversight*

(New) Formaldehyde Issues Related to FEMA's Emergency Housing Program
(Congressional)

As mandated by Congress, we will investigate FEMA policies and procedures regarding formaldehyde in trailers purchased by the agency to house disaster victims.

Objectives: Determine (1) the process used by FEMA to collect and respond to health and safety concerns of trailer occupants; (2) whether FEMA adequately notified occupants of potential health and safety concerns; and (3) whether FEMA has the proper controls and processes in place to deal with health and safety concerns of those living in trailers following disasters. *Office of Emergency Management Oversight*

OFFICE OF OPERATIONS COORDINATION**(New) Homeland Security Information Network Followup**

The *Homeland Security Act of 2002* mandates that the department establish a secure communications and IT infrastructure to share data with other federal agencies, state or local governments, and private entities. In response, DHS created the HSIN. In our June 2006 report, *Homeland Security Information Network Could Support Information Sharing More Effectively*, we identified problems and issues regarding DHS' systems approach and found that HSIN did not effectively support state and local information sharing. In this followup review, we will examine progress made in addressing these planning and implementation issues.

Objectives: Assess the effectiveness of DHS' strategies, policies, and procedures for collaborating with industry to share critical infrastructure information, and evaluate the effectiveness of processes and technology for sharing information and initiating incident response in selected critical sectors. *Office of IT Audits*

OFFICE OF POLICY

(New) REAL ID Act Implementation

The REAL ID ACT is a nationwide effort intended to prevent terrorism, reduce fraud, and improve the reliability and accuracy of identification documents that state governments issue, such as drivers licenses. A number of states are moving ahead with full implementation, while others have raised concerns that the cost to comply with these new federal standards is excessive.

Objective: Determine whether cost estimates for REAL ID Act implementation from a representative sample of states are reliable. *Office of IT Audits*

UNITED STATES IMMIGRATION AND CUSTOMS ENFORCEMENT

(New) FY 2008 Followup Audit of ICE's Detainee Tracking System

This audit is being conducted to follow up on the Review of ICE's Detainee Tracking Process, OIG-07-08, issued November 2006.

In addition to following up on the prior audit recommendations, the audit will assess if the ICE is properly providing notice to detainees of impending transfers to other detention facilities, if, when transferring, medical necessities are considered, and if the newly detained are evaluated timely for medical needs.

Objective: Assess whether ICE has effectively implemented prior audit recommendations and to assess if transfers of detainees are conducted properly related to notification of transfer and medical needs. *Office of Audits*

(New) Transfer of Detainees in ICE Custody

ICE's DRO detains more than 20,000 people a day. According to its *Detention Operations Manual*, DRO may transfer detainees between facilities to eliminate overcrowding; to provide required security oversight, medical care, or recreational facilities; to match the venue of a detainee's immigration court case; or to meet other special detainee needs. Nongovernmental organizations report that some transfers may not comply with standards in the *Detention Operations Manual* and create hardship for detainees by changing the venue of their immigration court cases.

Objectives: Determine whether immigration detention facilities properly justify detainee transfers according to the *Detention Operations Manual*. Assess the frequency with which transfers result in venue changes in detainee immigration court cases. *Office of Inspections*

(New) Detentions and Deportations Involving U.S. Citizen Children and Their Parents (Mandatory)

At the direction of the House Committee on Appropriations, we will report information related to ICE's detention center population. The information includes detentions and deportations over the past 10 years that involved U.S. citizen children and their parents.

Objectives: Determine (1) the number of U.S. deportations; (2) the number of instances in which one or both parents of a U.S. citizen child was deported, reasons for the deportation, and length of time the parent(s) lived in the United States before deportation; (3) whether the U.S. citizen child remained in the United States after one or both parents were deported; and (4) the number of days a U.S. citizen child was held in detention..
Office of Inspections

(New) ICE's Foreign Acquisitions

ICE has approximately 350 staff in more than 30 countries who support the agency's investigative and deportation operations, and the Visa Security program. Most ICE staff overseas who coordinate the international dimensions of ICE investigations work with foreign law enforcement entities to provide them with U.S.-based information related to their criminal cases, and help to increase foreign counterparts' investigative capabilities. Overseas deployment of ICE personnel also involves the acquisition of certain supplies, services, and equipment from host country vendors. Our previous work has identified weaknesses in ICE's internal controls over foreign acquisitions, permitting opportunities for fraud, waste, and abuse.

Objectives: At selected ICE foreign offices, determine the extent to which ICE (1) has improved internal controls over foreign acquisitions in order to deter fraud, waste, and

abuse, and (2) applies policies, procedures, and internal controls to ensure that its overseas offices conduct proper acquisitions. *Offices of Inspections and Audits*

TRANSPORTATION SECURITY ADMINISTRATION

(New) Potential Vulnerabilities in TSA's Secure Flight Watchlist Screening **(Mandatory)**

TSA's Secure Flight is an airline passenger prescreening program that intends to compare federal watchlists with information from passenger name records, which passengers give to commercial airline carriers when they book flights. Secure Flight uses information contained in the Terrorist Screening Database (TSDB), which is a consolidated government watchlist maintained by the Federal Bureau of Investigation's Terrorist Screening Center. TSDB contains identifying information about suspected and known terrorists.

Although TSA announced its intent to implement the Secure Flight program in 2004, deployment of the system has been delayed numerous times for various reasons. In FY 2008, Congress fully funded TSA's Secure Flight program. However, concerned about the comprehensiveness of the screening, the House and Senate Committees on Appropriations directed us to report on the vulnerabilities that exist in our aviation system if the Secure Flight program screens airline passenger names against a subset of the TSBD—TSA's No Fly and Selectee lists—instead of the full TSBD.

Objectives: Determine the potential vulnerabilities in the aviation system caused by screening commercial airline passenger names against a subset of the TSBD instead of the full TSDB. *Office of Inspections*

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

(New) USCIS IT Modernization

Effective use of IT, coupled with updated processes, is vital to increase efficiency and address demands in immigration benefits processing. This followup audit of two previously issued DHS OIG reports, one in September 2005 and another in November 2006, highlighted ongoing inefficiencies in USCIS' operational environment.

Objectives: Determine USCIS' progress in implementing IT modernization initiatives, as well as addressing our prior recommendations. *Office of IT Audits*

UNITED STATES COAST GUARD

(New)* Cosco Busan Allision With San Francisco Bay Bridge *(Mandatory)

On November 7, 2007, at 8:30 a.m., with a reported visibility of approximately one-eighth to one-quarter mile due to heavy fog, the M/V (Motor Vessel) COSCO BUSAN, underway from Oakland, California, allided with the San Francisco-Oakland Bay Bridge. This allision created a large gash in the port side of the vessel, which caused an estimated 53,000 gallons of fuel oil to spill into the San Francisco Bay and coat the surrounding shoreline. Prior to the allision, the USCG San Francisco Vessel Traffic Service was communicating with the vessel as well as monitoring its progress. Following the allision, the USCG, State of California Oil Spill Prevention and Response Division, as well as the Responsible Party responded to this maritime mishap, initiated a post-mishap marine casualty and pollution investigation, and coordinated the clean-up effort.

Due to concerns about the subsequent USCS response and investigation, Speaker Nancy Pelosi and Chairman Elijah Cummings requested a 30-day brief and a 90-day review of this mishap on December 4, 2007. The focus of their concerns is in three areas: Vessel Traffic Service, USCG investigation, and USCG response.

Objectives: To address actions taken by:

- The San Francisco Vessel Traffic Service to prevent the M/V COSCO BUSAN from striking the San Francisco-Oakland Bay Bridge,
- USCG in response to the allision between the M/V COSCO BUSAN and the San Francisco-Oakland Bay Bridge; and
- USCG in evaluating the volume of oil spilled from the M/V COSCO BUSAN.

We will also evaluate the USCG's efforts to execute the San Francisco Area Contingency Plan during the first 24 hours following the mishap. *Office of Audits*

UNITED STATES CUSTOMS AND BORDER PROTECTION**(New) CBP's Compliance With the Buy American Act for Border Fencing**
(Congressional)

At the request of a member of the House Ways and Means Committee, we will review CBP's compliance with the *Buy American Act* in relation to the construction of border fencing. CBP's contractors may have used Chinese materials to construct a portion of a border fence in Arizona. The member questioned whether the materials' use violated a valid contract that required use of American materials, or whether CBP violated the *Buy American Act* by inserting an inappropriate deviation clause in the contract.

Objectives: Determine whether (1) the contract in question meets the requirements of the *Buy American Act*, and (2) the contractor met obligations under the contract regarding use of American materials. *Office of Inspections*

(New) Lessons Learned From the Network Outage at Los Angeles International Airport

On August 11, 2007, CBP staff at the Los Angeles International Airport (LAX) were unable to access the systems used to process passengers for several hours. This network outage affected more than 17,000 passengers. Ensuring the availability of computer resources is an important goal for any organization that depends on information systems and computer networks to carry out its mission. Due to its impact on the public, we established an audit to determine what actions were taken by CBP to ensure that a similar outage does not recur at this airport.

Objective: Determine whether the controls that CBP implemented in response to the network outage at LAX would assist in identifying the cause of an outage, facilitate deployment of backup systems, and recover from a future outage. *Office of IT Audits*

MULTIPLE COMPONENTS

(New)* DHS Compliance With the Prohibition on Prepackaged News *(Mandatory)

Executive branch agencies are prohibited from producing any prepackaged news story intended for broadcast or distribution in the United States, unless the prepackaged news story contains clear notification that the story was produced and funded by that federal agency. Congress recently extended the prohibition. The House and Senate Committees on Appropriations directed us to determine whether DHS headquarters and a selection of its components—FEMA, CBP, ICE, TSA, and USCG—comply with the prepackaged news prohibition.

Objectives: Determine (1) what qualifies as prepackaged news; (2) to what extent DHS headquarters, FEMA, CBP, ICE, TSA, and USCG produce and distribute prepackaged news stories; (3) whether DHS headquarters and the specified components comply with the requirement to include clear notification that the prepackaged news story was produced and funded by the agency; and (4) how they ensure compliance. *Office of Inspections*

***(New)* DHS Scorecard (FY 2008)**

In the March 2007 *Semiannual Report to the Congress*, our office published a scorecard for selected acquisition functions at DHS. The scorecard showed several major concerns with DHS' acquisition process. Deficiencies, such as a lack of comprehensive program management policies and processes, ineffective internal control over financial reporting, and insufficient program management staffing, negatively impact the acquisition process. Although DHS has made some progress, this review will continue to assess the acquisition elements that are critical for the establishment of an efficient, effective, and accountable acquisition process. Building on work done in respect to other audits, we plan to issue additional scorecards for the following areas:

- Department-Wide Acquisition Programs
- Program Specific Acquisitions, such as USCG's Deepwater and CBP's SBIInet
- Financial Management
- Grant Programs for Emergency Management and Firefighters

Objective: Assess the organizational alignment and leadership, policies and processes, financial accountability, acquisition workforce, and knowledge management and information systems for selected programs. *Office of Audits*

Chapter 7 – Projects Completed in FY 2008

Completed Reports October 1, 2007 – March 31, 2008

(Copies of our reports are available on the OIG website at www.dhs.gov/oig.)

	Report Number	Management Reports Issued	Date Issued	DHS Component
1.	OIG-08-01	Progress Has Been Made But More Work Remains in Meeting Homeland Security Presidential Directive 12 Requirements	10/07	Multiple Components
2.	OIG-08-02	Technical Security Evaluation of U.S. Citizenship and Immigration Services Activities at the Chet Holifield Federal Building	10/07	ICE
3.	OIG-08-03	The Commonwealth of Pennsylvania's Management of State Homeland Security Grants Awarded During FYs 2002 through 2004	10/07	FEMA
4.	OIG-08-04	Management Letter for the FY 2006 FLETC Balance Sheet	10/07	Management
5.	OIG-08-05	Independent Auditor's Report on TSA's FY 2006 Balance Sheet	10/07	Management
6.	OIG-08-06	Better Administration of Automated Targeting System Controls Can Further Protect Personally Identifiable Information (Redacted)	10/07	CBP
7.	OIG-08-07	Information Technology Management Needs to Be Strengthened at the Transportation Security Administration	10/07	TSA
8.	OIG-08-08	Administration of the Federal Trucking Industry Security Grant Program for FY 2004 and FY 2005	10/07	TSA
9.	OIG-08-09	Review of the USCIS Benefit Fraud Referral Process (Redacted)	10/07	USCIS

Chapter 7 – Projects Completed in FY 2008 (cont'd)

Report Number	Management Reports Issued	Date Issued	DHS Component	
10.	OIG-08-10	Customs and Border Protection Award and Oversight of Alaska Native Corporation Contract for Enforcement Equipment Maintenance and Field Operations Support	10/07	CBP
11.	OIG-08-11	Major Management Challenges Facing the Department of Homeland Security (Excerpts from the FY 2007 DHS Annual Financial Report)	01/08	Management
12.	OIG-08-12	Independent Auditors' Report on DHS' FY 2007 Financial Statements	11/07	Management
13.	OIG-08-13	Independent Auditor's Report on DHS' FY 2007 Internal Controls Over Financial Reporting	11/07	Management
14.	OIG-08-14	Improved Administration Can Enhance Federal Emergency Management Agency Classified Laptop Computer Security (Unclassified Summary)	11/07	FEMA
15.	OIG-08-15	U.S. Customs and Border Protection's FY 2007 Internal Controls	11/07	CBP
16.	OIG-08-16	State of Colorado Homeland Security Grant Program	12/07	FEMA
17.	OIG-08-17	Independent Auditor's Report on DHS' FY 2007 Special-Purpose Financial Statements	11/07	Management
18.	OIG-08-18	The Removal of a Canadian Citizen to Syria (Unclassified Classified Summary)	11/07	ICE
19.	OIG-08-19	DHS' Domestic Nuclear Detection Office Progress in Integrating Detection Capabilities and Response Protocols	12/07	DNDO
20.	OIG-08-20	The State of Florida's Management of State Homeland Security Grants Awarded During Fiscal Years 2002 through 2004	12/07	FEMA
21.	OIG-08-21	A Review of the World Trade Center Captive	01/08	FEMA
22.	OIG-08-22	The State of Georgia's Management of State Homeland Security Grants Awarded During Fiscal Years 2002 through 2004	01/08	FEMA

Chapter 7 – Projects Completed in FY 2008 (cont'd)

Report Number	Management Reports Issued	Date Issued	DHS Component	
23.	OIG-08-23	Review of FEMA's Use of Proceeds from the Sales of Emergency Housing Unites	02/08	FEMA
24.	OIG-08-24	Review of the Maintenance, Rehabilitation, and Upgrading of Shore Facilities in Support of the USCG's Mission	02/08	USCG
25.	OIG-08-25	Airport Passenger and Baggage Screening Performance (Classified and Unclassified Summary)	02/08	TSA
26.	OIG-08-26	The State of Michigan's Management of State Homeland Security Grants Awarded During Fiscal Years 2002 through 2004	02/08	FEMA
27.	OIG-08-27	Status Report on Open Recommendations to DHS Components (Unclassified)	02/08	Multiple Components
28.	OIG-08-28	The State of Ohio's Management of State Homeland Security Grants Awarded During Fiscal Years 2002 through 2004	02/08	FEMA
29.	OIG-08-29	The DHS Process for Nominating Individuals to the Consolidated Terrorist Watchlist	3/08	Intelligence and Analysis Office
30.	OIG-08-30	Annual Review of USCG's Mission Performance FY 2006	2/08	USCG
31.	OIG-08-31	Letter Report: DHS Needs to Prioritize Its Cyber Assets (Redacted Version)	03/08	Management
32.	OIG-08-32	Federal and State Oversight of the New York City Urban Area Security Initiative Grant Program	03/08	FEMA
33.	OIG-08-33	Management Advisory Report – FEMA Emergency Housing Units Property Management	03/08	FEMA
34.	OIG-08-34	FEMA's Preparedness for the Next Catastrophic Disaster	03/08	FEMA

Chapter 8 – Projects Deferred Until FY 2009

Title	DHS Component	Start
Treasury Enforcement Communication System Database Security	CBP	February 2009
Secure Border Initiative IT Approach	CBP	FY 2009
Eliminating Stove-piped Grant Programs	FEMA	FY 2009
FEMA's Disaster Assistance Application Process	FEMA	November 2009
FEMA's Implementation of Federal Regulations Applying to Government Furnished Equipment	FEMA	November 2009
FEMA's Management and Oversight of Public Assistance Technical Assistance Contractors	FEMA	February 2009
Readiness – FEMA's Logistics Management Process for Responding to Catastrophic Disasters	FEMA	February 2009
ICE Worksite Enforcement: the March 2007 New Bedford Apprehensions	ICE	November 2008
Control of Accountable Property	Management	FY 2009
DHS' Web Server Security	Management	February 2009
DHS Networks' Vulnerability to External Threats and Penetration	Management	November 2008
DHS Data Mining	Multiple Components	March 2009
DHS Component Coordination of Overseas Operations	Multiple Components	March 2009
Petroleum and Natural Gas Subsectors	National Protection and Programs (NP&P)	March 2009
Evaluation and Deployment of Explosives Trace Portals	TSA	FY 2009
Followup Audit of Network Security at TSA	TSA	June 2009
Transportation Security Administration Representatives Program	TSA	FY 2009
Acquisition of the Medium Range Patrol Aircraft (HC-144), USCG	USCG	FY 2009
USCG IT Management	USCG	FY 2009
FPS Long-term Sustainability	ICE	FY 2009

Chapter 9 – Cancelled Projects

Title	DHS Component	Status
CBP Aircraft Fleet Modernization	CBP	Cancelled
Secure Border Initiative and SBInet 2008 Program Monitoring ¹	CBP	Cancelled
FEMA's National Flood Insurance Program	FEMA	Cancelled
FEMA's Pre-Disaster Readiness Contracts	FEMA	Cancelled
Relationship Between the National Protection and Programs Directorate and FEMA	Multiple Components	Cancelled
The Office of Infrastructure Protection's Resource Requirements	NP&P	Cancelled
Vulnerability Assessment Methodologies	NP&P	Cancelled
The Homeland Security Institute	S&T	Cancelled
Research and Development in Aviation	S&T	Cancelled
Support Anti-Terrorism by Fostering Effective Technologies Act	S&T	Cancelled
Acquisition Challenges, USCG Deepwater Program	USCG	Cancelled
FY 2008 Deepwater Scorecard ²	USCG	Cancelled

¹ Not an individual report, but a level of effort

² Results combined with the DHS Scorecard (FY 2008)

Appendix A
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Appendix B Table of Abbreviations

ACE	Automated Commercial Environment
ATS	Automated Targeting System
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance
CBP	Customs and Border Protection
CCP	Crisis Counseling Program
CFR	Code of Federal Regulations
CIO	Chief Information Officer
DHS	Department of Homeland Security
DHS TRIP	DHS Traveler Redress Inquiry Program
DNDO	Domestic Nuclear Detection Office
DRF	Disaster Relief Fund
DRO	Detention and Removal Operations
EA	Enterprise Architecture
ECS	Electronic Collection System
EDS	Explosive Detection Systems
EMO	Office of Emergency Management Oversight
FAR	Federal Acquisition Regulations
FEMA	Federal Emergency Management Agency
FISMA	Federal Information Security Management Act
FLETC	Federal Law Enforcement Training Center
FPS	Federal Protective Service
FRC	Fast Response Cutter
FTE	Full-time equivalent
FY	Fiscal Year
GAO	Government Accountability Office
GSA	General Services Administration
HIV	High-Interest Vessels
HM	Hazard Mitigation
HSARPA	Homeland Security Advanced Research Projects Agency
HSIN	Homeland Security Information Network
HUD	Department of Housing and Urban Development
ICE	Immigration and Customs Enforcement
ICMS	Integrated Conflict Management System

Appendix B (cont'd) Table of Abbreviations

IG	Inspector General
IPA	Independent Public Accounting
IPv6	Internet Protocol Version 6
IT	Information Technology
JFO	Joint Field Office
KSP	Known Shipper Program
MOU	Memorandum of Understanding
M/V	Motor Vessel
MWP	Model Workplace Program
NADB	National Asset Database
NCSD	National Cyber Security Division
NDF	National Deployment Force
NEMIS	National Emergency Management Information System
NFIP	National Flood Insurance Program
NP&P	National Protection and Programs
NSC	National Security Cutter
NTAG	National Targeting and Analysis Groups
OCFO	Office of Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
ONDCP	Office of National Drug Control Policy
OSARP	On-screen Alarm Resolution Protocol
PA	Public Assistance
S&T	Science and Technology
SBI	Secure Border Initiative
SRP	Short Range Prosecutor
STSI	Surface Transportation Security Inspection
TH	Transitional Housing
TOI	Targets of Interest
TOPOFF 3	Top Officials Three Exercise
TSA	Transportation Security Administration
TSDB	Terrorist Screening Database
USCG	United States Coast Guard
USCIS	United States Citizenship and Immigration Service
VUAV	Vertical Take-off and Landing Unmanned Aerial Vehicle
WCF	Working Capital Fund
WYO	Write Your Own

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