



Department of Homeland Security Office of Inspector General

Special Review of the Science and Technology Directorate's Contracts with a Small Business

(Summary)



Office of Inspector General

U.S. Department of Homeland Security
Washington, DC 25028



**Homeland
Security**

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Preface

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

This report represents an abbreviated version of our official use only report addressing allegations that a program manager for the Science and Technology Directorate violated regulations governing contract management. It is based on interviews with employees and officials of relevant agencies and organizations, direct observations, and a review of applicable documents.

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

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

Richard L. Skinner
Inspector General

OIG

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Background

The Science and Technology Directorate (S&T) is responsible for the Department of Homeland Security's research and development (R&D) efforts. The directorate maintains some research capability at the Transportation Security Lab and the Environmental Measures Laboratory, among others. However, S&T funds other entities, such as national labs, Federally Funded Research and Development Centers, and private sector organizations, to conduct most of the department's R&D.

An S&T official raised concerns about S&T's interaction with a small business. We reviewed allegations that an S&T program manager facilitated the development of a relative's research tool at a federal laboratory by providing S&T-funded software, including products funded by an SBIR contract. The related program manager used the tools to compete with the company that created the tools for federal research funding, according to the allegations, and these individuals used the threat of competition and other financial pressure to coerce the company into relinquishing rights to software it had developed.

We conducted our fieldwork from February 2008 through January 2009, during which time we conducted 38 interviews and gathered thousands of pages of documents, including contracts, invoices, spreadsheets, and email messages. We interviewed personnel at the small business, S&T, CBP, the federal laboratory, the Department of the Interior, and other agencies.

This review was conducted under the authority of the *Inspector General Act of 1978*, as amended, and according to the *Quality Standards for Inspections* issued by the President's Council on Integrity and Efficiency.

Results of Review

An S&T program manager abused his position and did not act according to the DHS policy for ethical conduct when he pursued a plan to use S&T funds to develop software that would be delivered to a program at a federal laboratory administered by a relative of his. The program manager did not fully inform his supervisor or the designated agency ethics official of the plan. When asked by his supervisor to disclose the facts to the designated agency ethics official, the program manager told the ethics official that the relative led the branch at the laboratory receiving the funds but that neither he nor the relative's employees performed the research. On that basis he was allowed to continue transferring funds to the laboratory. However, he later transferred money to fund his relative's employees' work. The program manager did not follow the department's policy to act with honesty and integrity, and to avoid appearances of legal or ethical violations.

The S&T program manager also abused his position and violated department policy when he provided contracting officers with inaccurate information, and on two occasions instructed the company to charge work for one contract to another without informing the contracting officer. He delayed approval of an invoice to pressure the company to conduct unrelated activities. The program manager may have violated the Anti-Deficiency Act by coercing the small business to provide software and services without compensation. S&T did not detect the improper activities because the program manager did not reveal all relevant facts regarding his continued participation in certain contracts.

We made four recommendations to resolve this situation and strengthen management oversight.



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