



Department of Homeland Security **OFFICE OF INSPECTOR GENERAL**

Safeguarding and Securing Cyberspace

**SEMIANNUAL
REPORT TO
THE CONGRESS**

October 1, 2009–March 31, 2010

Statistical Highlights of OIG Activities

October 1, 2009 through March 31, 2010

Dollar Impact

Questioned Costs	\$25,679,101
Funds Put to Better Use	\$12,530,188
Management Agreement That Funds Be:	
Recovered	\$35,809,362
Deobligated	\$4,190,979
Funds Recovered (from Audits and Investigations)	\$11,386,572
Fines, Restitutions, and Administrative Costs Savings	\$117,823,223

Activities

Management Reports Issued	76
Financial Assistance Grant Audit Reports Issued	20
Investigative Reports Issued	369
Investigations Initiated	705
Investigations Closed	551
Open Investigations	2,017
Investigations Referred for Prosecution	118
Investigations Accepted for Prosecution	59
Investigations Declined for Prosecution	42
Arrests	148
Indictments	122
Convictions	155
Personnel Actions	37
Complaints Received (other than Hotline)	5,510
Hotline Complaints Received	4,831
Complaints Referred (to programs or other agencies)	3,301
Complaints Closed	4,769

Office of Inspector General

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

April 30, 2010

The Honorable Janet Napolitano
Secretary
U.S. Department of Homeland Security
Washington, DC 20528

Dear Madam Secretary:

I am pleased to present our semiannual report, which summarizes the activities and accomplishments of the Department of Homeland Security (DHS) Office of Inspector General for the 6-month period ended March 31, 2010.

During this reporting period, our office published 76 management reports and 20 financial assistance grant reports. DHS management concurred with 93% of the recommendations in our management reports. As a result of these efforts, \$25.7 million of questioned costs were identified, of which \$3.4 million were determined to be unsupported. We recovered \$11.4 million as a result of disallowed costs identified from previous audit reports and from investigative efforts. In addition, management agreed to deobligate \$4.2 million in disaster grant assistance, which will result in funds put to better use.

In the investigative area, we issued 369 investigative reports, initiated 705 investigations, and closed 551 investigations. Our investigations resulted in 148 arrests, 122 indictments, 155 convictions, and 37 personnel actions. Additionally, our work resulted in the collection of \$117.8 million from fines and restitutions, administrative cost savings, and other recoveries.

I would like to take this opportunity to thank you for the interest and support that you have provided to our office. We look forward to working closely with you, your leadership team, and Congress toward the goal of promoting economy, efficiency, and effectiveness in DHS programs and operations, as well as helping the department accomplish its critical mission and priorities in the months ahead.

Sincerely,

A handwritten signature in black ink that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General

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Working Relationship Principles for Agencies and Offices of Inspector General

The *Inspector General Act* establishes for most agencies an Office of Inspector General (OIG) and sets out its mission, responsibilities, and authority. The Inspector General is under the general supervision of the agency head. The unique nature of the Inspector General function can present a number of challenges for establishing and maintaining effective working relationships. The following working relationship principles provide some guidance for agencies and OIGs.

To work most effectively together, the agency and its OIG need to clearly define what the two consider to be a productive relationship and then consciously manage toward that goal in an atmosphere of mutual respect.

By providing objective information to promote government management, decision making, and accountability, the OIG contributes to the agency's success. The OIG is an agent of positive change, focusing on eliminating waste, fraud, and abuse, and on identifying problems and recommendations for corrective actions by agency leadership. The OIG provides the agency and Congress with objective assessments of opportunities to be more successful. The OIG, although not under the direct supervision of senior agency management, must keep them and the Congress fully and currently informed of significant OIG activities. Given the complexity of management and policy issues, the OIG and the agency may sometimes disagree on the extent of a problem and the need for and scope of corrective action. However, such disagreements should not cause the relationship between the OIG and the agency to become unproductive.

To work together most effectively, the OIG and the agency should strive to:

Foster open communications at all levels.

The agency will promptly respond to the OIG requests for information to facilitate OIG activities and acknowledge challenges that the OIG can help address. Surprises are to be avoided. With very limited exceptions, primarily related to investigations, the OIG should keep the agency

advised of its work and its findings on a timely basis, and strive to provide information helpful to the agency at the earliest possible stage.

Interact with professionalism and mutual respect. Each party should always act in good faith and presume the same from the other. Both parties share, as a common goal, the successful accomplishment of the agency's mission.

Recognize and respect the mission and priorities of the agency and the OIG. The agency should recognize the OIG's independent role in carrying out its mission within the agency, while recognizing the responsibility of the OIG to report both to Congress and to the agency head. The OIG should work to carry out its functions with a minimum of disruption to the primary work of the agency. The agency should allow the OIG timely access to agency records and other materials.

Be thorough, objective, and fair. The OIG must perform its work thoroughly, objectively, and with consideration to the agency's point of view. When responding, the agency will objectively consider differing opinions and means of improving operations. Both sides will recognize successes in addressing management challenges.

Be engaged. The OIG and agency management will work cooperatively in identifying the most important areas for OIG work, as well as the best means of addressing the results of that work, while maintaining the OIG's statutory independence of operation. In addition, agencies need to recognize that the OIG also will need to carry out work that is self-initiated, congressionally requested, or mandated by law.

Be knowledgeable. The OIG will continually strive to keep abreast of agency programs and operations, and agency management will be kept informed of OIG activities and concerns being raised in the course of OIG work. Agencies will help ensure that the OIG is kept up to date on current matters and events.

Provide feedback. The agency and the OIG should implement mechanisms, both formal and informal, to ensure prompt and regular feedback.

Executive Summary

This Semiannual Report to the Congress is issued pursuant to the provisions of Section 5 of the *Inspector General Act of 1978*, as amended, and covers the period from October 1, 2009, to March 31, 2010. The report is organized to reflect our organization and that of the Department of Homeland Security.

During this reporting period, we completed significant audit, inspection, and investigative work to promote the economy, efficiency, effectiveness, and integrity of the department's programs and operations. Specifically, we issued 76 management reports (Appendix 3), 20 financial assistance grant reports (Appendix 4), and 369 investigative reports. Our reports provide the department Secretary and Congress with an objective assessment of the issues, and at the same time provide specific recommendations to correct deficiencies and improve the economy, efficiency, and effectiveness of the respective program.

Our audits resulted in questioned costs of \$25,679,101, of which \$3,449,416 (Appendix 4) were not supported by documentation. We recovered \$11,386,572 (Appendix 5) as a result of disallowed costs identified from current and previous audit

reports and from investigative efforts. In addition, management agreed to deobligate \$4,190,979 in disaster grant assistance, which will result in funds put to better use. Management also agreed that \$35,809,362 in disaster grant assistance needs to be recovered. In the investigative area, we initiated 705 investigations and closed 551 investigations. Our investigations resulted in 148 arrests, 122 indictments, 155 convictions, and 37 personnel actions. Additionally, we reported \$117,823,223 in collections resulting from fines and restitutions, administrative cost savings, and other recoveries.

We have a dual reporting responsibility both to Congress and to the department Secretary. During the reporting period, we continued our active engagement with Congress through extensive meetings, briefings, and dialogues. Members of Congress, their staff, and the department's authorizing and appropriations committees and subcommittees met on a range of issues relating to our work and that of the department. We also testified before Congress on seven occasions during this reporting period. Testimony prepared for these hearings may be accessed through our website at <http://www.dhs.gov/oig>.

Department of Homeland Security Profile

On November 25, 2002, President Bush signed the *Homeland Security Act of 2002* (P.L. 107-296, as amended), establishing the Department of Homeland Security (DHS), with the primary mission of protecting the American homeland. DHS became operational on January 24, 2003. Formulation of DHS took a major step forward on March 1, 2003, when, according to the President's reorganization plan, 22 agencies and approximately 181,000 employees were transferred to the new department.

DHS' first priority is to protect the United States against further terrorist attacks. Component agencies analyze threats and intelligence, guard U.S. borders and airports, protect America's critical infrastructure, and coordinate U.S. preparedness for and response to national emergencies.

DHS is organized into the following components:

- Office of Health Affairs
 - Office of Inspector General
 - Office of Intelligence and Analysis
 - Office of Operations Coordination and Planning
 - Office of Policy
 - Transportation Security Administration
 - United States Citizenship and Immigration Services
 - United States Coast Guard
 - United States Customs and Border Protection
 - United States Immigration and Customs Enforcement
 - United States Secret Service
- Directorate for National Protection and Programs
 - Directorate for Science and Technology
 - Directorate for Management
 - Domestic Nuclear Detection Office
 - Federal Emergency Management Agency
 - Federal Law Enforcement Training Center
 - Office of Civil Rights and Civil Liberties
 - Office of General Counsel

Office of Inspector General Profile

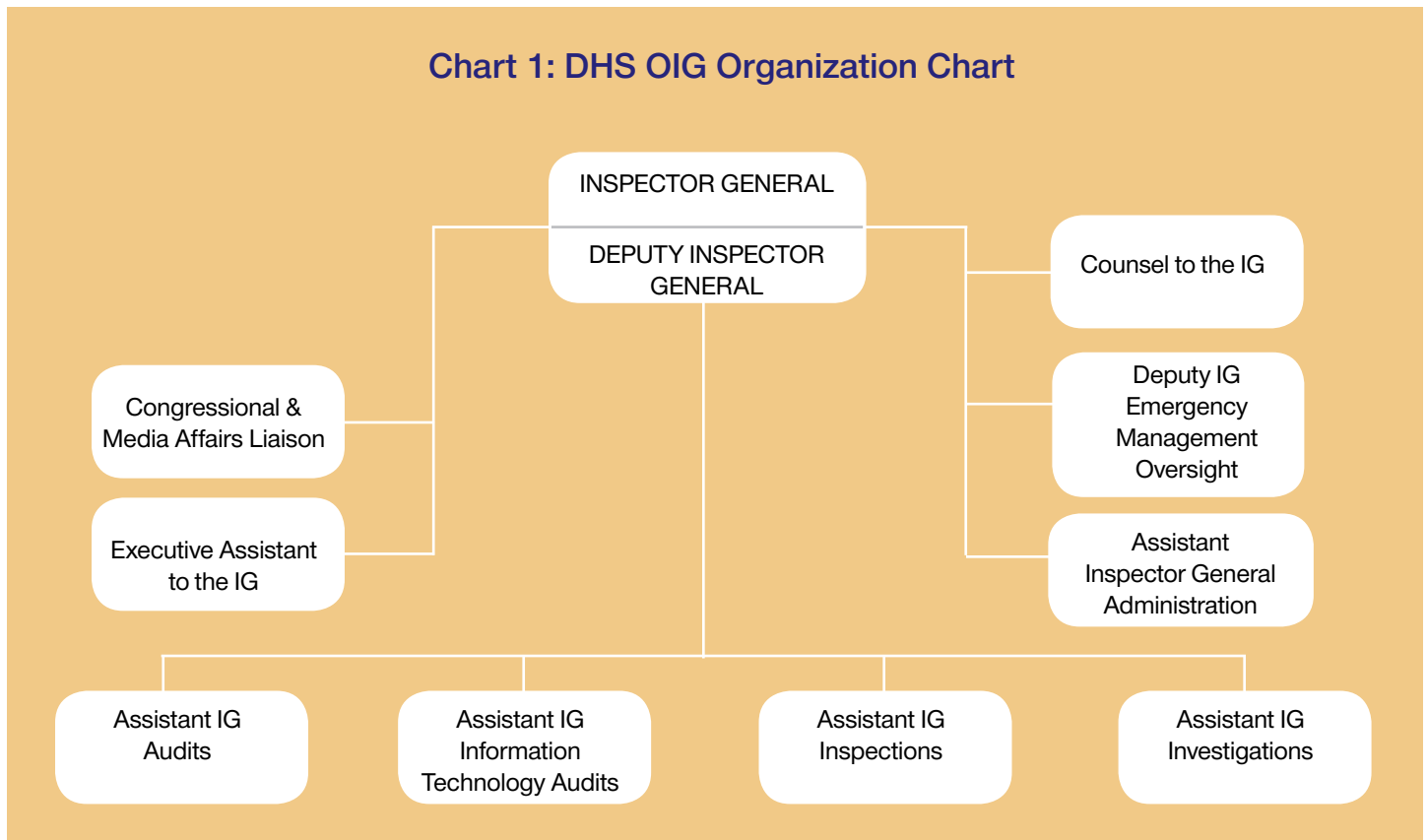
The *Homeland Security Act of 2002* provided for the establishment of an Office of Inspector General (OIG) in DHS by amendment to the *Inspector General Act of 1978* (5 USC App. 3, as amended). By this action, Congress and the administration ensured independent and objective audits, inspections, and investigations of the operations of the department.

The Inspector General is appointed by the President, subject to confirmation by the Senate, and reports directly to the Secretary of DHS and to Congress. The *Inspector General Act* ensures the

Inspector General’s independence. This independence enhances our ability to prevent and detect fraud, waste, and abuse, as well as to provide objective and credible reports to the Secretary and Congress regarding the economy, efficiency, and effectiveness of DHS’ programs and operations.

We were authorized 632 full-time employees during the reporting period. We consist of an Executive Office and eight functional components based in Washington, DC. We also have field offices throughout the country. Chart 1 illustrates the DHS OIG management team.

Chart 1: DHS OIG Organization Chart





The OIG consists of the Executive Office and eight functional components:

The Executive Office consists of the Inspector General, the Deputy Inspector General, an Executive Assistant, and support staff. It provides executive leadership to the OIG.

The Office of Congressional and Media Affairs is the primary liaison to members of Congress, their staff, and the media. Specifically, the Office's staff responds to inquiries from Congress, the public at large, and the media; notifies Congress about OIG initiatives, policies, and programs; coordinates preparation of testimony and talking points for Congress; and coordinates distribution of reports to Congress. Office staff tracks congressional requests, which are either submitted by a member of Congress or mandated through legislation. It also provides advice to the Inspector General and supports OIG staff members as they address questions and requests from the media and Congress.

The Office of Counsel to the Inspector General provides legal advice to the Inspector General 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 of Audits (OA) conducts and coordinates audits and program evaluations of the management and financial operations 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 and whether intended and realized results are consistent with laws, regulations, and good business practice; and determine whether financial accountability is achieved and the financial statements are not materially misstated.

The Office of Emergency Management Oversight (EMO) is responsible for providing an aggressive and ongoing audit effort designed to ensure that Disaster Relief Funds are being spent appropriately, while identifying fraud, waste, and abuse as early as possible. EMO focus is weighted heavily toward prevention, including reviewing internal controls, and monitoring and advising DHS and Federal Emergency Management Agency (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.

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

The Office of Information Technology Audits (IT-A) 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 that 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.

The Office of Investigations investigates 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. The office includes investigative staff working on disaster relief operations and programs.

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 Congress.

SUMMARY OF SIGNIFICANT OIG ACTIVITY



DIRECTORATE FOR MANAGEMENT

MANAGEMENT REPORTS

DHS Contracts With Low Wage Payments

In response to a request from the Chairman of the House Committee on Homeland Security, we reviewed DHS contracts with low wage payments. Our objective was to determine whether the actual wages paid for subcontracted low-wage work complied with prevailing wage structures and the prime contractor's initial wage schedule. The current federal government contracting process, the Department of Labor's significant role and responsibilities regarding wages and labor management, and the absence of subcontractor information maintained in the Federal Procurement Data System Next Generation—the federal government's electronic database for specific contract data—affected our efforts to address this review's objectives. Therefore, we reported on the processes and procedures that cover contractor and subcontractor wage payment activities. We made no recommendations in this review.

(OIG-10-10, November 2009, ISP)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-10_Nov09.pdf

Independent Auditor's Report on DHS' FY 2009 Financial Statements and Internal Control Over Financial Reporting

KPMG LLP, under a contract with the OIG, conducted an audit of DHS' balance sheets as of September 30, 2009, and 2008 and the related statements of custodial activity for the years then ended. KPMG also conducted an examination of internal control over financial reporting of the balance sheet as of September 30, 2009, and the statement of custodial activity for FY 2009. KPMG was unable to express an opinion on the financial statements because DHS was unable to represent that certain financial statement balances were correct, and was unable to provide sufficient evidence to support its financial statements. Additionally, KPMG was unable to perform procedures necessary to form an opinion on DHS' internal control over financial reporting for FY 2009.

The FY 2009 Independent Auditor's Report discusses six material weaknesses, two significant deficiencies in internal control, and five instances of noncompliance with laws and regulations. DHS agreed with the findings and 87 recommendations included in the report for improvements in these areas.

(OIG-10-11, November 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-11_Nov09.pdf

Major Management Challenges Facing the Department of Homeland Security

As required by the *Reports Consolidation Act of 2000* (Public Law 106-531), we update our assessment of DHS' major management challenges annually. In FY 2009, we identified the following major management challenges, which tend to remain the same from year to year: acquisition management, information technology management, emergency management, grants management, financial management, infrastructure protection, border security, transportation security, and trade operations and security. We developed scorecards to distinguish the department's progress in FY 2009 in five selected areas. The department made moderate progress by achieving critical success factors in three of the five areas: acquisition management, information technology, and emergency management. The other two areas, grants management and financial management, showed only modest progress; that is, improvements had been made, but many critical success factors had not been achieved. The department continues to move beyond operating as an organization in transition to a department diligently working to protect our borders and critical infrastructure, preventing dangerous people and goods from entering our country, and recovering from natural disasters effectively. While much progress has been made, the department still has much to do to establish a cohesive, efficient, and effective organization.

(OIG-10-16, November 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-16_Nov09.pdf

Independent Auditors' Report on DHS' FY 2009 Special-Purpose Financial Statements

KPMG LLP, under contract with the OIG, audited DHS' balance sheets as of September 30, 2009, and 2008, as well as the accompanying Financial Report Notes Report and the Trading Partner Summary Note Report for the years then ended. The audit report identified a number of issues that prevented KPMG from expressing an opinion on these special-purpose financial statements. The issues included the inability of the Coast Guard and the Transportation Security Agency (TSA) to provide the auditors with sufficient evidence to support certain account balances. Additionally, the auditors were unable to obtain from DHS management a representation that the special-purpose financial statements were prepared in accordance with U.S. generally accepted accounting principles.

(OIG-10-18, November 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-18_Nov09.pdf

Resource and Security Issues Hinder DHS' Implementation of Homeland Security Presidential Security Directive 12

Homeland Security Presidential Directive 12 (HSPD-12) requires agencies to develop and implement a government-wide standard for secure and reliable forms of identification for federal employees and contractors. DHS has established an identification credentialing and issuance process, but the department has not made the implementation of an effective HSPD-12 program a priority. The original completion date for the issuance and use of identity credentials by all federal employees and contractors was October 27, 2008. As of September 22, 2009, only 15,567 of the approximately 250,000 department employees and contractors had been issued identity credentials. Owing to weak program management, including insufficient funding and resources and a change in its implementation strategy, the department is well behind the deadline for fully implementing an effective HSPD-12 program. In addition, the department faces significant challenges in meeting HSPD-12 requirements for logical access to its information systems. Further, system security and account management controls are not effective in protecting personally identifiable information collected and stored from unauthor-

ized access. We made 15 recommendations to address management and security issues to allow for the deployment of a robust, efficient, and secure interoperable identity card and issuance system department-wide.

(OIG-10-40, January 2010, IT-A)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-40_Jan10.pdf

Department of Homeland Security's Acquisition Data Management Systems

The Department of Homeland Security did not always report complete and accurate acquisition data in the Federal Procurement Data System-Next Generation, which is used to create recurring and special reports to the President, Congress, and the general public. For 464 of 8,460 (5.5%) data fields reviewed, procurement file documentation did not match the information reported in the Federal Procurement Data System-Next Generation, including 24 instances where the Federal Procurement Data System-Next Generation had an incorrect ZIP code listed for the principal place of performance. ZIP code information is used to show the state, city, county, and congressional district where the federal funds are being spent. Twelve contract files selected for review could not be located. We attribute these discrepancies to human errors, the department's insufficient management controls, and user limitations with the Federal Procurement Data System-Next Generation's auto-populated field elements.

The report made three recommendations regarding the need for better guidance and increased accountability to ensure the integrity of reported acquisition data. The department's Acting Chief Procurement Officer concurred with the recommendations and provided information on plans and actions to strengthen policies, procedures, and controls for reporting acquisition data.

(OIG-10-42, January 2010, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-42_Jan10.pdf

Independent Review of the U.S. Customs and Border Protection's Reporting of FY 2009 Drug Control Obligations

KPMG LLP, under contract with DHS OIG, issued an Independent Accountants' Report on the

Table of FY 2009 Drug Control Obligations for U.S. Customs and Border Protection (CBP). CBP management prepared the Table of Drug Control Obligations Report and related disclosures to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, Drug Control Accounting, dated May 1, 2007. CBP was unable to assert that the data presented are associated with obligations against a financial plan that, if revised during the fiscal year, properly reflects those revisions. Nor could CBP assert that any reprogrammings or transfers that occurred in excess of \$1 million were approved by ONDCP as required. As a result, KPMG limited its review to the Table of FY 2009 Drug Control Obligations and related disclosures and was unable to report on management's assertions. Thus, KPMG LLP did not issue any recommendations as a result of this review. (OIG-10-43, January 2010, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-43_Jan10.pdf

Independent Review of the U.S. Customs and Border Protection's Reporting of FY 2009 Drug Control Performance Summary Report

KPMG LLP, under contract with DHS OIG, issued an Independent Accountants' Report on the FY 2009 Drug Control Performance Summary Report for U.S. Customs and Border Protection. CBP management prepared the Performance Summary Report to comply with the requirements of the ONDCP Circular, Drug Control Accounting, dated May 1, 2007. CBP did not provide the Prior Years Performance Targets and Results and Current Year Performance Targets for all performance measures, resulting in a deviation from the disclosure criteria required by the ONDCP Circular. In addition, CBP was unable to assert that the methodology to establish performance targets is reasonable and applied. Nothing else came to the independent accountants' attention that caused them to believe that the Performance Summary Report is not presented, in all material respects, in conformity with the ONDCP's Circular. Thus, KPMG LLP did not issue any recommendations as a result of this review. (OIG-10-44, January 2010, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-44_Jan10.pdf

Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2009 Drug Control Performance Summary Report

KPMG LLP, under contract with DHS OIG, issued an Independent Accountants' Report on the FY 2009 Drug Control Performance Summary Report for U.S. Immigration and Customs Enforcement (ICE). ICE's management prepared the Performance Summary Report and Management's Assertions to comply with the requirements of the ONDCP Circular, Drug Control Accounting, dated May 1, 2007. ICE did not provide the Prior Years Performance Targets and Results and Current Year Performance Targets for all performance measures, resulting in a deviation from the disclosure criteria required by the ONDCP Circular. Nothing else came to the independent accountants' attention that caused them to believe that the Performance Summary Report and management assertions are not presented, in all material respects, in conformity with ONDCP's Circular. Thus, KPMG LLP did not issue any recommendations as a result of this review. (OIG-10-45, January 2010, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-45_Jan10.pdf

Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2009 Drug Control Obligations

KPMG LLP, under contract with DHS OIG, issued an Independent Accountants' Report on the FY 2009 Drug Control Obligations for ICE. ICE's management prepared the Table of Drug Control Obligations and related disclosures to comply with the requirements of the ONDCP Circular, Drug Control Accounting, dated May 1, 2007. KPMG did not find any reason to believe that the Table of Drug Control Obligations and related disclosures for the year ended September 30, 2009, were not presented, in all material respects, in conformity with ONDCP's Circular, or that management's assertions were not fairly stated, in all material respects, based on the same criteria. KPMG LLP did not issue any recommendations as a result of this review. (OIG-10-46, January 2010, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-46_Jan10.pdf

Independent Review of the U.S. Coast Guard's Reporting of the FY 2009 Drug Control Performance Summary Report

KPMG LLP, under contract with DHS OIG, issued an Independent Accountants' Report on the FY 2009 Drug Control Performance Summary Report for the U.S. Coast Guard (USCG). USCG's management prepared the Performance Summary Report and management's assertions to comply with the requirements of the ONDCP Circular, Drug Control Accounting, dated May 1, 2007. KPMG did not find any reason to believe that the Performance Summary Report for the year ended September 30, 2009, was not presented, in all material respects, in conformity with ONDCP's Circular, or that management's assertions were not fairly stated, in all material respects, based on the criteria set forth in the Circular. KPMG LLP did not issue any recommendations as a result of this review.

(OIG-10-47, January 2010, OA)

http://www.dhs.gov/zoig/assets/mgmtrpts/OIG_10-47_Jan10.pdf

Independent Review of the U.S. Coast Guard's Reporting of FY 2009 Drug Control Obligations

KPMG LLP, under contract with DHS OIG, was unable to issue an Independent Accountants' Report on the FY 2009 Drug Control Obligations for USCG. USCG's management prepared the Table of Drug Control Obligations and related disclosures to comply with the requirements of the ONDCP Circular, Drug Control Accounting, dated May 1, 2007. However, because USCG could not provide assurance over the financial data in the detailed accounting submissions, KPMG LLP could not provide the level of assurance required of the review.

(OIG-10-48, January 2010, OA)

http://www.dhs.gov/zoig/assets/mgmtrpts/OIG_10-48_Jan10.pdf

DHS' Use of Suspension and Debarment Actions for Poorly Performing Contractors

Although DHS has suspension and debarment policies and procedures in place, it is reluctant to apply these policies and procedures against poorly performing contractors. Department officials characterized the suspension and debarment process as being too resource intensive and punitive, and

as negatively impacting the size of the contractor pool. We identified 23 instances of contracts that were terminated for default or cause but were not reviewed to determine whether a suspension and debarment referral was warranted. Reluctance to pursue suspension and debarment could put the department and the government at risk of continuing to conduct business with poorly performing contractors and may result in decreased productivity and increased cost. We made two recommendations to the Under Secretary for Management, which, when implemented, should improve the effectiveness of the department's suspension and debarment program. The department concurred with both recommendations.

(OIG-10-50, February 2010, OA)

http://www.dhs.gov/zoig/assets/mgmtrpts/OIG_10-50_Feb10.pdf

Independent Auditors' Report on U.S. Customs and Border Protection's FY 2009 Financial Statements

KPMG LLP, under contract with DHS OIG, audited the consolidated financial statements of CBP as of and for the years ending September 30, 2009, and 2008. KPMG LLP concluded that CBP's consolidated financial statements for those fiscal years are presented fairly in all material respects and in conformance with U.S. generally accepted accounting principles.

However, KPMG LLP's consideration of internal control over financial reporting resulted in the following conditions being identified as significant deficiencies:

- Financial reporting
- Property, plant, and equipment
- Drawback of duties, taxes, and fees
- Inactive obligations
- Entry process
- Information technology

KPMG LLP considers the first three significant deficiencies above to be material weaknesses. The results of KPMG LLP's tests of compliance with certain provisions of laws, regulations, and contracts disclosed no instances of noncompliance or other matters that are required to be reported.

(OIG-10-51, February 2010, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-51_Feb10.pdf

DHS Contracts Awarded Through Other Than Full and Open Competition During Fiscal Year 2009

In FY 2009, DHS obligated about \$3.4 billion for procurements awarded through other than full and open competition. Based on our review of 39 noncompetitive contract procurements, with a reported value of more than \$196 million, acquisition personnel did not always follow federal regulations when awarding noncompetitive contracts. Award files did not always contain written justifications for a noncompetitive procurement and did not always contain sufficient evidence of market research or adequate acquisition planning. As a result, the department cannot ensure that it received the best possible value on these goods and services. We recommended that the department's Chief Procurement Officer strengthen internal controls over other than full and open competition procurements. The department concurred with the recommendations.

(OIG-10-55, February 2010, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-55_Feb10.pdf

Review of Management Agreements Developed for DHS' Primary Data Center

We evaluated DHS and its data center in Stennis Space Center, Mississippi. The overall objective of this audit was to evaluate whether DHS is effectively establishing a primary data center by determining whether the management/ownership agreements among the various stakeholders at the Stennis Space Center assist or hinder DHS' efforts to establish a primary data center. The audit included a review of DHS policies and procedures, interagency agreements, a memorandum of understanding, and prior audit reports. We recommended that DHS (1) update its interagency agreements to include the location of the building, percentage of space, and the methodology for the allocation of costs; and (2) review invoices and supporting documentation for fund transfers to ensure that funds were appropriately used. DHS concurred with our first recommendation but did not concur with our second recommendation.

(OIG-10-56, February 2010, IT-A)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-56_Feb10.pdf

Review of the U.S. Department of Homeland Security's Recovery Act Plan

The *American Recovery and Reinvestment Act of 2009* (Recovery Act) provided DHS with approximately \$2.8 billion for equipment, construction, infrastructure improvement, and emergency management grants. The Office of Management and Budget (OMB) required each agency to develop formal plans to ensure accountability and transparency of Recovery Act funds. We reviewed the department's Recovery Act Plan as part of our oversight responsibilities. DHS generally developed a practical and comprehensive plan to provide transparency and oversight of Recovery Act funds while implementing mechanisms to ensure compliance with OMB guidance. The review did not contain recommendations to DHS.

(OIG-10-57, February 2010, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-57_Feb10.pdf

Independent Auditors' Report on the U.S. Citizenship and Immigration Services' FY 2009 Consolidated Balance Sheet

KPMG LLP, under contract with DHS OIG, audited the consolidated balance sheet of DHS' U.S. Citizenship and Immigration Services (USCIS) as of September 30, 2009. KPMG LLP concluded that USCIS' consolidated balance sheet, as of September 30, 2009, is presented fairly, in all material respects, in conformity with the U.S. generally accepted accounting principles. However, KPMG LLP's consideration of internal control over financial reporting resulted in the following conditions being identified as significant deficiencies:

- Information technology general and application controls
- General property, plant, and equipment
- Deferred revenue
- Accounts payable

KPMG LLP considers the first two significant deficiencies above to be material weaknesses. The results of KPMG LLP's tests of compliance with

certain provisions of laws, regulations, and contracts disclosed no instances of noncompliance or other matters that are required to be reported.

(OIG-10-59, February 2010, OA)

http://www.dhs.gov/zoig/assets/mgmtrpts/OIG_10-59_Feb10.pdf

Management Letter for the Audit of DHS' FY 2009 Consolidated Financial Statement and Internal Controls Over Financial Reporting

KPMG LLP, under contract with the OIG, conducted an audit of the department's FY 2009 consolidated financial statements and an examination of internal control over financial reporting. KPMG was unable to provide an opinion on the financial statements and was unable to perform procedures necessary to form an opinion on DHS' internal control over financial reporting for FY 2009.

KPMG noted certain matters involving internal control and other operational matters that resulted in 104 financial management comments and more than 200 recommendations.

(OIG-10-60, February 2010, OA)

http://www.dhs.gov/zoig/assets/mgmtrpts/OIG_10-60_Feb10.pdf

Management Letter for U.S. Customs and Border Protection's FY 2009 Consolidated Financial Statements

KPMG LLP, under contract with DHS OIG, audited CBP's consolidated balance sheet as of September 30, 2009, and 2008; the related consolidated statements of net cost, changes in net position, and custodial activity; and the combined statements of budgetary resources for the years then ended. KPMG LLP also looked at CBP's internal control over financial reporting and identified internal control weaknesses and other operational matters, which resulted in 13 financial management comments that did not reach the level required to be reported as significant deficiencies in the Independent Auditors' Report on U.S. Customs and Border Protection's FY 2009 Consolidated Financial Statements, dated February 2, 2010.

(OIG-10-61, March 2010, OA)

http://www.dhs.gov/zoig/assets/mgmtrpts/OIG_10-61_Mar10.pdf

Management Letter for U.S. Citizenship and Immigration Services' FY 2009 Consolidated Balance Sheet

KPMG LLP, under contract with DHS OIG, audited USCIS' consolidated balance sheet as of September 30, 2009. KPMG also looked at USCIS' internal control over financial reporting and identified internal control weaknesses and other operational matters, which resulted in six financial management comments that did not reach the level required to be reported as significant deficiencies in the Independent Auditors' Report on U.S. Citizenship and Immigration Services' FY 2009 Consolidated Balance Sheet, dated January 15, 2010.

(OIG-10-62, March 2010, OA)

http://www.dhs.gov/zoig/assets/mgmtrpts/OIG_10-62_Mar10.pdf

National Flood Insurance Program

Management Letter for DHS' FY 2009 Financial Statement Audit

KPMG LLP, under contract with the OIG, examined the National Flood Insurance Program's internal control over financial reporting. KPMG noted certain deficiencies in internal control and other operational matters that resulted in 6 financial management comments and 13 recommendations. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies. These comments are in addition to the significant deficiencies presented in KPMG's Independent Auditors' Report, dated November 13, 2009, included in the FY 2009 DHS Annual Financial Report.

(OIG-10-64, March 2010, OA)

http://www.dhs.gov/zoig/assets/mgmtrpts/OIG_10-64_Mar10.pdf

Independent Auditors' Report on the Federal Law Enforcement Training Center's FY 2009 Consolidated Financial Statements

KPMG LLP, under contract with DHS OIG, audited the Federal Law Enforcement Training Center's (FLETC) consolidated financial statements as of September 30, 2009, and 2008. KPMG

concluded that the consolidated financial statements are presented fairly, in all material respects, in conformity with the U.S. generally accepted accounting principles. However, in considering FLETC's internal control over financial reporting, KPMG identified the following conditions as significant deficiencies:

- Financial reporting
- Information technology general and security controls
- Controls over the revenue process
- Controls over the accounts Payable Estimation Methodology

KPMG considers the first two significant deficiencies above to be material weaknesses. The results of KPMG LLP's tests of compliance with certain provisions of laws, regulations, and contracts disclosed no instances of noncompliance or other matters that are required to be reported.

(OIG-10-65, March 2010, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-65_Mar10.pdf

Management Letter for U.S. Immigration and Customs Enforcement's FY 2009 Consolidated Balance Sheet

KPMG LLP, under contract with DHS OIG, audited ICE's consolidated balance sheet as of September 30, 2009. KPMG also looked at ICE's internal control over financial reporting and identified internal control weaknesses and other operational matters, which resulted in a total of five financial management comments that did not reach the level required to be reported as significant deficiencies in the Independent Auditors' Report on U.S. Immigration and Customs Enforcement's FY 2009 Consolidated Balance Sheet, dated March 2010.

(OIG-10-67, March 2010, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-67_Mar10.pdf

Independent Auditors' Report on U.S. Immigration and Customs Enforcement's FY 2009 Consolidated Balance Sheet

KPMG LLP, under contract with DHS OIG, audited the ICE consolidated balance sheet as of

September 30, 2009. KPMG concluded that the consolidated balance sheet is presented fairly, in all material respects, in conformity with the U.S. generally accepted accounting principles. However, in considering ICE's internal control over financial reporting, KPMG identified the following conditions as significant deficiencies:

- Information technology general and application controls
- Duplicate payments
- Office of Detention and Removal budget allocations
- General property, plant, and equipment
- Accounts payable
- Undelivered orders
- Untimely recording of obligations
- Intragovernmental payment and collection system
- Financial reporting
- Pending/threatened litigation accrual

KPMG considers the first four significant deficiencies above to be material weaknesses.

(OIG-10-70, March 2010, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-70_Mar10.pdf

Management Letter for the Federal Law Enforcement Training Center's FY 2009 Consolidated Financial Statements

KPMG LLP, under contract with DHS OIG, audited FLETC's consolidated financial statements as of September 30, 2009, and 2008. KPMG LLP also looked at FLETC's internal control over financial reporting and identified internal control weaknesses and other operational matters, which resulted in a total of four financial management comments that did not reach the level required to be reported as significant deficiencies in the Independent Auditors' Report on the Federal Law Enforcement Training Center's FY 2009 Consolidated Financial Statements, dated March 29, 2010.

(OIG-10-73, March 2010, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-73_Mar10.pdf

FEDERAL EMERGENCY MANAGEMENT AGENCY

MANAGEMENT REPORTS

FEMA's Progress in All-Hazards Mitigation

The *Post-Katrina Emergency Management Act of 2006* required FEMA to develop a coordinated, risk-based, all-hazards mitigation strategy; however, this strategy has yet to be developed. We concluded that even though FEMA's Mitigation Directorate is well positioned to coordinate this strategy because of its extensive network of mitigation partners and stakeholders, several barriers need to be addressed. Most important, the *Robert T. Stafford Disaster Relief and Emergency Assistance Act* does not require or incentivize state, tribal, and local jurisdictions to address technological or manmade hazards as a condition of receiving federal mitigation assistance. Other key barriers include insufficient local mitigation planning capacity and a general inflexibility in the design and implementation of FEMA's primary hazard mitigation grant programs (HMGP). We offered seven recommendations to advance the development of a risk-based, all-hazards mitigation strategy, along with a matter for congressional consideration to further incentivize state, tribal, and local governments to prepare hazard mitigation plans that address all hazards inherent to their jurisdictions.

(OIG-10-03, October 2009, EMO)

http://www.dhs.gov/xeig/assets/mgmttrpts/OIG_10-03_Oct09.pdf

The State of West Virginia's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2005 through 2007

West Virginia received approximately \$23 million in State Homeland Security Program grants awarded by FEMA during fiscal years 2005 through 2007. Williams, Adley & Company, LLP, under a contract with the OIG, conducted an audit of these grants to determine whether West Virginia spent funds strategically, effectively, and in compliance with laws, regulations, and guidance.

Overall, West Virginia did an efficient and effective job of administering program requirements,

distributing grant funds, and ensuring that all available funds were used. The state developed a strategy for an effective Homeland Security Program, defined measurable goals, linked its capabilities to those goals, and distributed funds based on projects supporting those goals. The state generally administered grants in compliance with grant guidance and regulations.

However, improvements needed in the state's management of State Homeland Security Program grants included documenting threats, vulnerabilities, and risk assessments; analyzing capabilities and performance; increasing subgrantee oversight; improving timeliness of obligations to subgrantees; ensuring maintenance of equipment listings; and improving timeliness of Financial Status Report submissions.

(OIG-10-20, November 2009, OA)

http://www.dhs.gov/xeig/assets/mgmttrpts/OIG_10-20_Nov09.pdf

FEMA Temporary Housing Property Management Controls

Urbach Werlin & Kahn, under a contract with DHS OIG, determined that FEMA does not have adequate control over some aspects of its accountable property systems and needs to take corrective action to address inaccurate and unreliable data, noncompliance with existing procedures, and an inadequate system to manage temporary housing units. We recommended that FEMA (1) ensure that storage sites consistently follow established procedures for recording transactions and entering them into agency records and (2) identify critical data requirements for the temporary housing program and incorporate those enhancements into the planned agency-wide systems upgrades.

(OIG-10-24, December 2009, EMO)

http://www.dhs.gov/xeig/assets/mgmttrpts/OIG_10-24_Dec09.pdf

Assessment of FEMA's Public Assistance Program Policies and Procedures

Based on congressional concerns about the design and implementation of FEMA's Public Assistance (PA) Program, we assessed the efficacy of processes and procedures used to generate project worksheets. We concluded that the project worksheet process

is hindered by untimely funding determinations, deficiencies in program management, and poorly designed performance measures. FEMA needs to improve the timeliness of the process for reviews, appeals, and insurance settlement reconciliations and address employee turnover and training concerns. The 16 recommendations in the report were aimed at improving FEMA's process for reviewing and approving PA projects. In addition, we identified alternatives to streamline the PA process, which included negotiated settlements, an increase to the large project threshold, the replacement of grants with prescribed mission assignments, the transfer of other federal disaster programs to FEMA, and interval payments.

(OIG-10-26, December 2009, EMO)

http://www.dhs.gov/xoig/assets/mgmt/rpts/OIG_10-26_Dec09.pdf

Review of Selected Personnel Practices at FEMA's Maryland National Processing Service Center

At the request of the Chairman of the House Committee on Homeland Security, we review allegations submitted by employees at FEMA's Maryland National Processing Service Center. National Processing Service Centers provide centralized disaster assistance application services to individuals and families during presidentially declared disasters. Employees at the Maryland center alleged that FEMA concentrated higher salaried positions at other centers, terminated employees by outsourcing operations, and mismanaged employee performance evaluations. Although management did reduce the number of employees needed at the center, resulting in fewer higher salaried positions there, FEMA did not exceed its authority or act improperly. We did not find any instances in which managers used individual performance reports for punitive reasons. However, the employee performance evaluation process should be more transparent. We made seven recommendations to streamline the rating process, improve communication and management-employee relations, educate employees on their rights under excepted service appointments, and improve training programs. FEMA concurred with all of the recommendations.

(OIG-10-27, December 2009, ISP)

http://www.dhs.gov/xoig/assets/mgmt/rpts/OIG_10-27_Dec09.pdf

Gulf Coast Recovery: FEMA's Management of the Hazard Mitigation Component of the Public Assistance Program

We reviewed FEMA's management of the hazard mitigation component of the PA Program during the Gulf Coast region recovery process. The objective of the audit was to determine whether FEMA effectively managed PA Program hazard mitigation grant funding across the Gulf Coast region following the 2005 hurricanes. We made eight recommendations to improve FEMA's management of PA-funded hazard mitigation measures, including FEMA's need to improve overall oversight of program activities, specific training on the PA Program's hazard mitigation component, plans for deploying trained staff to disaster-damaged areas, and processes and procedures for developing project worksheets. We questioned approximately \$3.6 million in PA-funded hazard mitigation work that did not comply with federal regulations and FEMA guidelines. In addition, we identified challenges faced by FEMA in Louisiana regarding the implementation of an effective hazard mitigation strategy that improves delivery of hazard mitigation assistance to disaster-stricken communities, improves coordination of project development with state officials, and expedites project development and funding.

(OIG-10-28, December 2009, EMO)

http://www.dhs.gov/xoig/assets/mgmt/rpts/OIG_10-28_Dec09.pdf

The State of South Carolina's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2005 through 2007

South Carolina received approximately \$25 million in State Homeland Security Program grants awarded by FEMA during fiscal years 2005 through 2007. Williams, Adley & Company, LLP, under a contract with the OIG, conducted an audit of these grants to determine whether the state spent funds strategically, effectively, and in compliance with laws, regulations, and guidance.

Overall, South Carolina did an efficient and effective job of administering the program requirements, distributing grant funds, and ensuring that all available funds were used. The state assessed threats, vulnerabilities, and capabilities; prioritized needs;

and used capabilities-based planning to identify and address capability gaps. The state developed an online webpage and monitoring methods to ensure subgrantees' performance. The state generally administered grants in compliance with guidance and regulations.

However, improvements are needed in the state's management of State Homeland Security Program grants, including enhancing the state's strategic planning process by developing state-wide goals and objectives that are measurable and quantifiable; ensuring that support for threat and vulnerability assessments is documented and retained; and improving timeliness of Financial Status Report submissions.

(OIG-10-29, December 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-29_Dec09.pdf

Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2009

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires the DHS OIG to audit individual states' management of State Homeland Security Program and Urban Areas Security Initiative grants, and annually submit to Congress a report summarizing those audit results. This report summarizes two state audits completed in FY 2009.

Overall, the states efficiently and effectively administered grant management program requirements, distributed grant funds, and ensured that all available funds were used. The states used reasonable methodologies to assess threats, vulnerabilities, capabilities, and needs, and allocated funds accordingly. The states complied with cash management and status reporting requirements, and procurement methodologies conformed to the states' strategies. The states generally spent funds according to grant requirements and state-established priorities. We also identified several effective tools and practices used by these states.

We identified seven areas for improvement, including equipment and property accountability, supporting documentation for expenditures,

consistent and effective management practices, subgrantee monitoring and oversight, measurable program goals and objectives, financial planning and reporting, and \$1.9 million in questioned costs. FEMA concurred with 25 of the 26 recommendations and took subsequent action to resolve the remaining recommendation.

(OIG-10-31, December 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-31_Dec09.pdf

Management Advisory Report: FEMA's IMAT Program

The review of FEMA's Incident Management Assistance Teams (IMAT) program was suspended when the new Disaster Operations Division administration initiated major changes in the structure of the IMAT program. While the changes address most of the issues identified in the review, we issued a management advisory report detailing our findings and recommendations to ensure that the changes addressed all OIG concerns. The merger of prior response programs into the IMAT program has resulted in a mission that does not adequately direct teams on their role in a disaster. The "situational awareness" mission inherited from previous programs can detract from the primary IMAT mission and needs to be clarified. Additionally, fewer teams than planned may be sufficient, and planned staffing levels may be excessive. Confusion exists concerning the relative roles of the national and the regional IMATs, and over who will lead the FEMA response efforts when a national IMAT, with a Federal Coordinating Officer (FCO), is dispatched to a state that has a predesignated FCO. Other recommendations address reducing lease costs, protecting program property, and finding uses for the communications vehicles that have been purchased.

(OIG-10-32, January 2010, EMO)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-32_Jan10.pdf

The State of Missouri's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2005 through 2007

Missouri received approximately \$97 million in State Homeland Security Program and Urban Areas Security Initiative grants awarded by FEMA



The IMAT task force base camp on Galveston Island, TX. September 22, 2008 (FEMA photograph)



Region IV IMAT team setting up a communications system. August 5, 2008 (FEMA photograph)

during fiscal years 2005 through 2007. Williams, Adley & Company, LLP, under a contract with the OIG, audited these grants to determine whether the state spent funds strategically, effectively, and in compliance with laws, and regulations.

Overall, Missouri administered program requirements efficiently and effectively, distributed grant funds, and ensured that all available funds were used. The state ensured that funded plans linked all-hazards response capabilities to goals the grant funds would support, and distributed funds and resources based on subgrantees' justifications. The state used reasonable methodologies for assessing threats, vulnerabilities, and prioritized needs, and measured response capabilities and performance using After Action Reports. The state generally administered grants in compliance with grant guidance and regulations.

However, needed improvements include developing measurable and achievable goals and objectives, enhancing subgrantee monitoring, and documenting instances when funds are withheld on behalf of

subgrantees. A best practice was the state's use of an electronic grants management system that other states could consider adopting.

(OIG-10-33, January 2010, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-33_Jan10.pdf

Federal Emergency Management Agency Working Capital Fund

KPMG LLP conducted an examination of FEMA's Working Capital Fund at the Mount Weather Emergency Operation Center. KPMG's report identifies conditions under which the Working Capital Fund could be improved, resulting in seven recommendations regarding various issues, including the Working Capital Fund staffing structure, budget and cost calculations/analysis, and the fairness of cost allocations to tenants. FEMA management neither concurred nor disagreed with the recommendations.

(OIG-10-35, February 2010, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-35_Feb10.pdf

Opportunities To Improve FEMA's Disaster Closeout Process

Foxx and Company, under a contract with DHS OIG, determined that FEMA could improve its disaster closeout process by developing an effective internal control environment that supports timely closeouts of projects, programs, contracts, and disasters, and centralizing disaster closeout leadership. Recommendations included developing a leadership function within FEMA headquarters to be responsible for developing standard operating

procedures for the closeout process; establishing time standards for completion of key steps in the closeout process; establishing a system for tracking the progress of closeout actions; and establishing policies and procedures that limit reconciliations to a level that is cost-beneficial, rather than reconciling amounts to zero.

(OIG-10-49, January 2010, EMO)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-49_Feb10.pdf

**Table 1. Declarations and Closures,
FY 1989 Through FY 2008**

FISCAL YEAR	DECLARATIONS	CLOSURES	OPEN	FISCAL YEAR	DECLARATIONS	CLOSURES	OPEN
1989	30	29	1	1999	106	74	32
1990	39	37	2	2000	103	73	30
1991	41	41	0	2001	103	51	52
1992	55	46	9	2002	127	80	47
1993	65	61	4	2003	115	40	75
1994	57	53	4	2004	129	34	95
1995	35	31	4	2005	139	42	97
1996	149	141	8	2006	152	33	119
1997	58	43	15	2007	133	3	130
1998	124	101	23	2008	141	8	133
				TOTAL	1,901	1,021	880

Table 2. Open as of September 30, 2008

DECLARATIONS	NUMBER	UNLIQUIDATED BALANCE (MILLIONS)
MAJOR DISASTER	550	\$ 15,784.0
EMERGENCY	103	\$ 440.5
FIRE MANAGEMENT	91	\$ 23.9
TOTAL	744¹	\$ 16,248.4

Table 3. Open 10 Years or More

DECLARATIONS	NUMBER	UNLIQUIDATED BALANCE (MILLIONS)
MAJOR DISASTER	58	\$ 497.2
EMERGENCY	3	\$.4
FIRE MANAGEMENT	0	\$ 0
TOTAL	61	\$ 497.6

¹ An additional 136 disasters without unliquidated obligation balances were open as of September 30, 2008.

Improvements Needed in FEMA's Disaster Contract Management

Foxx & Company, under a contract with DHS OIG, determined that FEMA could improve its disaster acquisitions by ensuring that the quantity of goods and services purchased were needed and consistently evaluating the need for pre-positioned contracts for recurring disaster goods. Additionally, in at least one instance, FEMA's rush to open Joint Field Offices (JFOs) promptly after disasters for use by emergency workers and survivors seeking assistance, led to the leasing of a facility prior to adequate health and safety inspection. We recommended (1) clarifying the authority of federal, state, local, and regional emergency managers and ensuring, to the extent possible, that acquisitions are based on accurate estimates of needs and not on political or other pressure; (2) working with operations, logistics, and other personnel to develop a common and coordinated plan to meet needs during a disaster; and (3) contracting for these goods and services on a pre-positioned basis. Compliance with a May 2009 FEMA Disaster Leasing Process directive should ensure a healthy and safe environment at JFOs.

(OIG-10-53, February 2010, EMO)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_10-53_Feb10.pdf

DHS' Progress in Federal Incident Management Planning

DHS is making progress preparing federal incident management plans associated with the National Planning Scenarios, but much work remains. DHS is addressing each scenario based on planning priorities established by the Homeland Security Council Deputies Committee and the Domestic Readiness Group, interagency policy groups chaired by White House staff. DHS has also established a repository for federal incident management plans using the Homeland Security Information Network, but access is currently limited to federal officials. We made three recommendations to advance federal incident management planning, including expanded access to the federal incident management plan repository to all appropriate homeland security stakeholders.

(OIG-10-58, February 2010, EMO)

http://www.dhs.gov/woig/assets/mgmttrpts/OIGr_10-58_Feb10.pdf



Base Camp
Source: FEMA Photo Library

Federal Emergency Management Agency's Capabilities to Oversee American Recovery and Reinvestment Act of 2009 Grant Programs

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided \$610 million in grant funds to the Emergency Food and Shelter, Port Security, Public Transportation Security and Railroad Security Assistance, and Firefighters Assistance grant programs. While FEMA generally has the capability to ensure the effective and efficient use of Recovery Act funds, there are areas where the agency can improve its processes and internal controls for managing and overseeing these funds. FEMA needs to ensure that it collects and reports required Recovery Act information, requires its grantees to submit documentation required by the Recovery Act, updates monitoring plans to include Recovery Act requirements, provides its grant program managers and employees with fraud prevention training, and obtains direct access to a grantees' tracking system. FEMA concurred with our five recommendations to improve the management and oversight of Recovery Act funds, and has taken action to collect and report Recovery Act information, update its monitoring plans, provide

appropriate fraud prevention training, and ensure direct access to a grantee's tracking system.

(OIG-10-66, March 2010, OA)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_10-66_Mar10.pdf

Efficacy of DHS Grant Programs

The FEMA grant application process risks being ineffective because the agency does not compare and coordinate grant applications across programs to identify and mitigate potential duplications. Additionally, grant application processes are not efficient, requiring FEMA and state and local grant administrators to expend time and resources fulfilling redundant requirements for the numerous grant programs. The report contains three recommendations. FEMA management concurred with the recommendations and outlined plans and actions to improve the efficacy of these grant programs.

(OIG-10-69, March 2010, OA)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_10-69_Mar10.pdf

Management Advisory Report: Permanent Housing Construction on American Samoa

A team was dispatched to American Samoa to promote accountability in the actions of federal emergency professionals following the September 29, 2009, disaster on that island. In the course of our work, we learned of FEMA's pilot program to provide direct assistance in the form of permanent housing to replace destroyed homes, as authorized by Section 408 of the Stafford Act. While the Development Bank of American Samoa loans approved applicants from \$40,000 to \$60,000 to build, similar homes are estimated at \$341,500. However, this does not include the cost of the interagency agreement with the U.S. Army Corps of Engineers, contract monitoring by FEMA employees, or monthly onsite monitoring expenses. We concluded that FEMA's plan to build permanent housing on American Samoa, and the costs involved in such construction, need to be carefully considered. Given the unprecedented nature and projected expense of building these homes, we recommend that FEMA determine whether the current plan is the most efficient and economical solution available before moving beyond the initial building stage.

(OIG-10-74, March 2010, EMO)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_10-74_Mar10.pdf

Improvement Needed in FEMA's Management of the National Flood Insurance Program's Information Technology Transition

Improvement is needed in how FEMA's Mitigation Directorate manages its National Flood Insurance Program (NFIP) information technology (IT) system contracts. The Program Office developed an IT system without necessary testing or input from the Office of the Chief Information Officer (OCIO), and interfered with the authority of the contracting officer, making it difficult to enforce the contract. Ineffective leadership and misplaced allegiances among staff prevented FEMA from taking corrective action sooner. As a result, FEMA paid \$40 million for a nonfunctioning IT system, and stakeholders are without the benefit of timely, accurate data. Our recommendations are (1) require all employees involved in the procurement to receive annual procurement-specific ethics training and file financial disclosure forms; (2) ensure that the Acquisition Management Division and OCIO partner with FEMA program offices in developing new IT system acquisition plans, and require the OCIO to test and approve all new IT systems prior to final payment; (3) ensure that Mitigation Directorate staff receive annual training on the roles and responsibilities of the contracting officer and the contracting officer's technical representative; and (4) require the Mitigation Directorate to hire an independent, unbiased program manager to oversee the development, testing, and implementation of a new NFIP IT system.

(OIG-10-76, March 2010, EMO)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_10-76_Mar10.pdf

DISASTER ASSISTANCE GRANTS

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 provides further guidance and requirements for administering disaster assistance grants awarded by FEMA. We review grants to ensure that grantees or subgrantees account for and expend FEMA funds according to federal regulations and FEMA guidelines.

We issued 20 financial assistance grant reports during the period. Of those reports, 19 disclosed

questioned costs totaling \$22,121,352, of which \$3,449,416 were unsupported. A list of these reports, including questioned costs and unsupported costs, is provided in Appendix 4.

South Carolina Public Service Authority

The South Carolina Public Service Authority received a public assistance award of \$8.1 million from the South Carolina Emergency Management Division, a FEMA grantee, for debris removal, emergency protective measures, and repair and restoration of public facilities damaged as a result of Tropical Storm Gaston in September 2004. The award provided 75% FEMA funding for five large projects and four small projects. We limited our audit to \$7.6 million awarded and claimed under three large projects for repair and restoration of public facilities. The Authority accounted for FEMA funds on a project-by-project basis consistent with federal regulations for large projects. However, we identified \$214,000 of questioned costs (FEMA share \$160,368) resulting from excessive charges for equipment usage and fringe benefits. We recommended that the Regional Administrator, FEMA Region IV, in coordination with the grantee, disallow the \$214,000 of questioned costs. (DA-10-07, February 2010, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DA-10-07_Feb10.pdf

Mississippi Emergency Management Agency

The Mississippi Emergency Management Agency (MEMA) received a public assistance award of \$219.2 million from FEMA for managing disaster activities related to Hurricane Katrina. The award provided 100% FEMA funding for 97 large projects and 102 small projects. Our audit focused primarily on \$75 million claimed under three large projects. MEMA accounted for FEMA funds on a project-by-project basis according to federal regulations for large projects. However, we identified (1) overpayments totaling \$9.5 million to subgrantees for emergency work projects, (2) excessive costs of \$8.1 million billed by a professional services contractor, (3) unremitted interest of \$987,000 earned on FEMA advances, and (4) insufficient procedures for monitoring contractor travel costs and ensuring that

subgrantees take corrective action on A-133 audit findings. We recommended that the Director, FEMA Mississippi Recovery Office, (1) require that MEMA obtain the \$9.5 million in overpayment from the subgrantees, (2) disallow the \$8.1 million of excessive contract costs, (3) require MEMA to remit the \$987,000 of earned interest, and (4) require MEMA to review contractor travel costs and to develop procedures for ensuring that subgrantees take corrective action on A-133 audit findings. (DA-10-08, February 2010, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DA-10-08_Feb10.pdf

Miami-Dade County Department of Parks and Recreation

The Miami-Dade County Department of Parks and Recreation received public assistance awards totaling \$24 million from the Florida Department of Community Affairs (DCA), a FEMA grantee, for damages related to Hurricanes Katrina and Wilma in 2005. The awards provided 100% FEMA funding for debris removal and emergency protective measures. We reviewed costs totaling \$22.1 million for the two disasters, which consisted of \$760,000 under Hurricane Katrina and \$21.4 million under Hurricane Wilma. The department accounted for FEMA funds on a project-by-project basis according to federal regulations for large projects. However, the department's claim included \$1.9 million of unsupported and ineligible costs. We recommended that the Director, FEMA Florida Recovery Office, in coordination with DCA, disallow the \$1.9 million of questioned costs. (DA-10-09, March 2010, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DA-10-09_Mar10.pdf

Pioneer Electric Cooperative, Inc., Ulysses, Kansas

Pioneer Electric Cooperative (PEC) in Ulysses, Kansas, received an award of \$79.3 million from the Kansas Division of Emergency Management, a FEMA grantee, for damages caused by a severe winter storm that occurred December 28 to 31, 2006. PEC accounted for grant funds on a project-by-project basis according to FEMA guidelines, but did not always expend the funds according to



Ice-loaded utility line
Source: PEC officials

federal regulations. PEC's claim included \$391,707 for ineligible costs. We recommended that the Acting Regional Administrator, FEMA Region VII, disallow \$391,707.

(DD-10-01 November 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DD-10-01_Nov09.pdf

Ernest N. Morial Exhibition Hall Authority

The Ernest N. Morial Exhibition Hall Authority (Convention Center) received an award of \$1.3 million under Project Worksheets 10689 and 11558 for Hurricane Katrina cleanup, storm damage, and hazard mitigation. FEMA was not aware that the Convention Center's insurance proceeds exceeded its damage expenditures because the Convention Center did not account for FEMA funds on a project-by-project basis as required. As a result, the \$900,062 that the Convention Center claimed for its insurance deductibles is not eligible. Also, the Convention Center did not complete all the work described in the scope of work for a hazard mitigation project, and the costs for the completed work differed significantly from FEMA's estimates. Therefore, we questioned the \$900,062. We recommended that the Acting Louisiana Transitional

Recovery Office Director disallow \$900,062 and inspect the work performed on the mitigation project to determine whether the Convention Center's new costs are reasonable.

(DD-10-02, November 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DD-10-02_Nov09.pdf

City of Albuquerque, New Mexico

The city of Albuquerque, New Mexico, received an award of \$4.14 million from the New Mexico Department of Homeland Security and Emergency Management, a FEMA grantee, for damages resulting from severe storms and flooding that occurred during April 2 to 11, 2004. The city did not account for and expend FEMA grant funds according to federal regulations and FEMA guidelines, did not always follow federal procurement standards, did not document all claimed costs, and included ineligible and duplicate costs in its claim. As a result, we questioned \$1.5 million (\$1.1 million FEMA share) in costs. We recommended that the Regional Administrator, FEMA Region VI, (1) disallow \$746,473 of improper contracting costs, (2) disallow \$583,089 of unsupported costs, (3) disallow \$176,838 of ineligible costs, and (4) disallow \$1,969 of duplicate costs.

(DD-10-03, January 2010, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DD-10-03_Jan10.pdf

City of Springfield, Illinois

The city of Springfield, Illinois, received an award of \$11.4 million from the Illinois Emergency Management Agency, a FEMA grantee, for damages resulting from severe storms and tornadoes that occurred during March 2006. The city accounted for FEMA grant funds on a project-by-project basis according to federal regulations. However, the city did not expend the funds according to federal regulations and FEMA guidelines. The city's claim included ineligible, duplicate, and unsupported costs. As a result, we questioned \$3 million in costs (\$2.3 million FEMA share). We recommended that the Acting Regional Administrator, FEMA Region V, disallow \$3 million in costs.

(DD-10-04, January 2010, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DD-10-04_Jan10.pdf

Town of Vinton, Louisiana

The town of Vinton, Louisiana, received an award of \$5.24 million from the Governor's Office of Homeland Security and Emergency Preparedness, a FEMA grantee, for damages resulting from Hurricane Rita on September 24, 2005. Vinton accounted for disaster costs on a project-by-project basis, as required, but did not always follow federal procurement standards for contracting. Its claim included \$402,872 of ineligible costs and \$184,409 estimated for costs that Vinton did not incur or did not claim. We recommended that FEMA (1) reclassify Project Worksheet 244 from permanent work (Category F) to emergency protective measures (Category B), (2) disallow \$119,934 of excess contract prices, (3) disallow \$3,920 of duplicate costs, (4) deobligate \$184,409 of disaster damage costs not incurred or claimed, and (5) complete the insurance review to determine whether Vinton received duplicate benefits.

(DD-10-06, March 2010, EMO)

http://www.dhs.gov/xoig/assets/audittrpts/OIG_DD-10-06_Mar10.pdf

Nevada Division of Forestry

The Nevada Division of Forestry received a public assistance subgrant award of \$6.98 million from the Nevada Department of Public Safety, Division of Emergency Management, a FEMA grantee, for fire suppression, vegetative rehabilitation, and erosion control. We reviewed five large projects and one small project with a total award of \$6.98 million. FEMA provided 75% federal funding. We questioned \$1.2 million in costs related to ineligible work and \$433,305 in other costs not adequately supported or otherwise ineligible for reimbursement. We recommended that FEMA disallow \$1.2 million of ineligible revegetation costs and \$433,305 of unsupported and ineligible costs. We also recommended that for future fire suppression disasters, FEMA inform other federal agencies providing direct assistance to grantees and subgrantees of (1) the financial management standards required by 44 CFR 13.20 and (2) their need to provide adequate supporting documentation for the costs incurred and billed so that grantees and subgrantees can support their requests for reimbursement from FEMA.

(DS-10-02, January 2010, EMO)

http://www.dhs.gov/xoig/assets/audittrpts/OIG_DS-10-02_Jan10.pdf

City of Los Angeles, Department of Public Works

The city of Los Angeles, Department of Public Works, received a public assistance subgrant award of \$15.1 million from the California Emergency Management Agency (CalEMA), a FEMA grantee, for debris removal, emergency protective measures, and permanent repairs to facilities damaged by severe storms beginning on December 27, 2004, and continuing through January 11, 2005. FEMA provided 75% federal funding for 26 large and 14 small projects. We audited 9 large projects with a total award of \$8.5 million and performed limited reviews for 16 other large projects. We questioned \$1.45 million in amounts claimed by the Department of Public Works and identified up to \$1.7 million in funds that were no longer needed for project execution. We made six recommendations calling for the disallowance of \$1.45 of unsupported, ineligible, or unreasonable costs, and two recommendations calling for a reduction of up to \$1.7 million.

(DS-10-03, February 2010, EMO)

http://www.dhs.gov/xoig/assets/audittrpts/OIG_DS-10-03_Feb10.pdf

Chugach Electric Association, Inc.

Chugach Electric Association, Inc. (CEA) received a public assistance subgrant award of \$5.67 million from the state of Alaska, Department of Military and Veterans Affairs, Division of Homeland Security and Emergency Management, a FEMA grantee, to repair utility system damages caused by a severe storm, flooding, landslides, and mudslides occurring from August 15 through 25, 2006. Of the \$5.6 million that CEA claimed for the two large projects we reviewed, \$129,412 did not comply with criteria for reimbursement because the costs were (1) ineligible expenses, (2) not adequately supported with source documentation, or (3) included in the claim twice. We recommended that FEMA Region X disallow \$129,412 in questionable costs included in CEA's claim and allow \$4,019 in force account labor costs underclaimed as a result of math errors if CEA amends its claim.

(DS-10-04, February 2010, EMO)

http://www.dhs.gov/xoig/assets/audittrpts/OIG_DS-10-04_Feb10.pdf

INVESTIGATIONS

FEMA Benefit Recipient Sentenced to Home Confinement

A FEMA benefit recipient was sentenced to 180 days home confinement, 1 year supervised probation, and ordered to pay a \$2,000 fine and \$25 special assessment following her guilty plea to theft of public money. She was allowed to plead to a Class A misdemeanor charge, since she cooperated fully with our investigation. She also repaid the entire amount (\$25,800) that she received from FEMA as restitution for her fraudulent disaster assistance claim.

Former Felon Sentenced to 36 Months for FEMA Fraud

We investigated a convicted felon who claimed a bogus damaged address and was sentenced to 36 months incarceration for making a false Hurricane Katrina claim. He received \$6,557 in Treasury checks and \$7,381 in FEMA hotel benefits that he will have to repay to the government.

Several Fraudsters Plead Guilty in FEMA Case

We conducted an investigation titled “Operation Fallen Angel” in which numerous individuals pleaded guilty to false statements and theft of government property. The individuals falsely reported a landlord/tenant relationship to FEMA and received significant benefits from FEMA, Oprah Winfrey’s “Oprah’s Angel Network,” and Habitat for Humanity. Three of the four defendants were recently sentenced after pleading guilty to conspiracy to defraud the U.S. Government; restitution exceeds \$40,000.

Police Clerk Pleads Guilty to Fraud

A police clerk pleaded guilty to conspiracy to defraud the U.S. Government as a result of signing time cards certifying that she worked overtime for the town following Hurricane Gustav, when in fact she was on sick leave during that time. This was part of an investigation of several town officials, including the mayor, who submitted false claims to FEMA and the Governor’s Office of Homeland Security and Emergency Preparedness, overstating both the hours worked and the mileage on town vehicles and equipment used in response

to Hurricane Gustav. This was a joint investigation that we conducted with the Federal Bureau of Investigation (FBI).

Guilty Plea in Road Home Funds Case

A disaster benefit recipient pleaded guilty in federal court to one count of making false statements to a federal agency in connection with a Road Home Program application. In 2007, the individual applied for financial assistance for Hurricane Katrina-related damage sustained on a property represented as his primary residence on the date Hurricane Katrina struck. He subsequently admitted that he was living in another state at the time Hurricane Katrina made landfall. Our investigation with the Housing and Urban Development (HUD) OIG and the FBI determined that as a result of his fraudulent application, he received approximately \$119,935 in Road Home funds.

Disaster Benefit Recipient Sentenced to 4 Years

A disaster benefit recipient was sentenced in federal court to 4 years incarceration and ordered to pay \$80,368 in restitution after pleading guilty to theft of government funds. Our joint investigation with HUD OIG determined that the individual filed a fraudulent application for a Road Home grant to obtain funds for a property damaged by Hurricane Katrina, when he actually resided in another location, resulting in an award of \$80,368.

Couple Pleaded Guilty to \$180,000 in Disaster Assistance Fraud

A husband and wife pleaded guilty in federal court to theft of government funds and concealing knowledge of a felony for receiving more than \$180,000 in disaster relief funds after misrepresenting damage done to their home after Hurricane Katrina. Our joint investigation with the U.S. Small Business Administration (SBA) OIG determined that the couple fraudulently applied for and received a \$38,000 SBA loan and \$150,000 in Road Home funds that they then used to open a business.

Former FEMA Employee Pleads Guilty to Fraud

A former FEMA employee and her cousin were charged with stealing \$721,000 in Hurricane Katrina relief money. Our investigation determined

that the former FEMA employee, who worked in a local field office that handled individual assistance awards, was accessing the FEMA database for storm victims and using that information to manipulate awards and have the additional recovery money sent to a bank account that her cousin controlled. Both defendants have been charged with conspiracy to commit mail fraud and have subsequently entered guilty pleas in federal court.

Two-Year Sentence in Impersonation Case

An individual was sentenced to 24 months confinement, 3 years supervised release, a \$100 special assessment fee, and a \$600 fine, following his conviction for unlawful acts. Our investigation was initiated based on an allegation that the individual had impersonated a FEMA employee and might have accessed secured/prohibited areas following Hurricane Katrina. During our investigation, we discovered that the individual had shirts and magnetic signs bearing DHS logos. He also had falsely claimed to be a captain in the U.S. Army, but was in fact a convicted felon on parole and was in possession of many firearms and boxes of ammunition. The Bureau of Alcohol, Tobacco, and Firearms joined our investigation and confiscated his firearms. The individual also faces state parole violations related to firearms and drug possession.

Guilty Plea in Case Involving \$138,000 in Fraud

An individual pleaded guilty in federal court to two counts of theft of government funds relating to fraudulent business and home loan applications he made to the SBA for financial assistance during the aftermath of Hurricane Katrina. The individual admitted that he intentionally applied for business and home loans in order to receive funds to which he knew he was not entitled. He fraudulently received a total of \$138,400 in business and home loan disbursement payments from the SBA. We investigated this case jointly with the SBA OIG.

\$600,000 Fraud in Road Home Program (Update 4/01/09-9/30/09 SAR)

Two individuals were sentenced in federal court to 30 months and 18 months, respectively, following their earlier guilty plea to one count of conspiracy to steal approximately \$600,000 in government

funds involving elderly individuals' Road Home grants. An investigation that we worked jointly with HUD and Social Security OIG uncovered incidents in which one of the subjects, employed in the closing department of a title company, would alter the bank routing instructions on Road Home grantees' closing documentation so that money would be wired into the personal bank accounts of the other coconspirator.

Former County Director Sentenced

The former director of a county emergency management agency was sentenced to 10 months incarceration, 2 years supervised release, and ordered to pay \$19,196 to FEMA following his guilty plea to theft of government property. Our investigation determined that the former director converted FEMA grant money from the Chemical Stockpile Emergency Preparedness Program, an entity established to neutralize nerve gas stored by the U.S. government. The former director sold property paid for by FEMA to convert it into cash for his personal use.

Brother and Sister Receive Criminal and Civil Judgments

A brother and sister pleaded guilty to conspiracy, theft of government money, and mail fraud after receiving FEMA mortgage and rental assistance and additional assistance from the American Red Cross (ARC) following the 9/11 disaster. Each received 8 months imprisonment, and they were jointly ordered to pay \$49,439 in restitution to FEMA and the ARC. The U.S. Attorney's Office also won a civil judgment against the defendants jointly in the amount of \$38,886.

Suspended Police Chief Convicted of FEMA Fraud (Update 4/1/09-9/30/09 SAR)

Our investigation resulted in a local city police chief being convicted of eight felony charges in U.S. District Court. He received disaster assistance funds from FEMA based on false claims of damage to a house he owned that sustained damage during Hurricane Katrina. The former chief was sentenced to 30 months in federal prison, 3 years supervised release, and ordered to pay FEMA \$29,438 in restitution.

FEDERAL LAW ENFORCEMENT TRAINING CENTER

MANAGEMENT REPORTS

FLETC Leases for Dormitories 1 and 3

FLETC serves as an interagency law enforcement training organization and operates a residential training site in Glynco, Georgia. During 2001 and 2002, FLETC awarded a build lease contract to construct three student dormitories. FLETC initially classified all three leases as operating, using the income appraisal method to determine the fair market value of each dormitory. However, after the Office of Management and Budget advised FLETC to reexamine the leases, it was determined that lease 2 should have been classified as a capital lease, while leases 1 and 3 remained operating leases. FLETC's reclassification of lease 2 caused the required obligation for this lease to exceed FLETC's appropriation authority, resulting in an Anti-deficiency Act violation. We performed this audit to determine whether FLETC properly classified building leases for dormitories 1 and 3 as operating leases under Office of Management and Budget Circular No. A-11, Preparations, Submission, and Execution of the Budget. We concluded that FLETC properly classified the leases, and thus there is no Anti-deficiency Act violation related to the leases' classification.

(OIG-10-02, October 2009, OA)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_10-02_Oct09.pdf

OFFICE FOR CIVIL RIGHTS AND CIVIL LIBERTIES

We received 33 civil rights and civil liberties complaints from October 1, 2009, through March 31, 2010. Of those, we opened eight investigations and referred 25 complaints to the Office for Civil Rights and Civil Liberties. Currently, there are no complaints under review for disposition.

OFFICE OF INTELLIGENCE AND ANALYSIS

MANAGEMENT REPORTS

Improvements Necessary in DHS' Security Program and Practices for Its Intelligence Systems

Pursuant to the *Federal Information Security Management Act of 2002*, we reviewed the department's security management, implementation, and evaluation of its intelligence activities, including its policies, procedures, and system security controls for enterprise-wide intelligence systems. In doing so, we assessed the department's Plan of Action and Milestones (POA&M), certification and accreditation, privacy, and incident reporting processes, as well as its security and awareness training program.

DHS continues to maintain an effective information security management program for its intelligence systems. Overall, information security procedures have been documented and adequate security controls have been implemented. Nonetheless, management oversight and operational issues remain, and concerns about the POA&M process and the implementation of a formal information system security training and awareness program for intelligence personnel still exist. Specifically, we found that Coast Guard's Intelligence Support System and U.S. Secret Service's Multi-Media Messenger Handler system have not been granted the Authority to Operate. We made 15 recommendations to correct deficiencies identified during the audit.

(OIG-10-30, December 2009, IT-A)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_10-30_Dec09.pdf

OFFICE OF OPERATIONS COORDINATION AND PLANNING

MANAGEMENT REPORTS

Information Sharing at the National Operations Center

The federal government received widespread criticism for a slow and ineffective response to Hurricane Katrina. At the request of the Chairman of

the House Committee on Homeland Security, we reviewed information-sharing processes at the DHS National Operations Center (NOC). We focused on the functional and organizational changes the department has made to the NOC since Hurricane Katrina to manage the flow of information. The Office of Operations Coordination and Planning (OPS) has made numerous improvements to the NOC's information-sharing capabilities since Katrina. Despite the improvements, organizational, administrative, infrastructure, information technology, and staffing obstacles continue to adversely affect information sharing at the NOC. The report made 17 recommendations to assist OPS in improving the NOC's information-sharing capabilities. OPS concurred with all 17 recommendations. (OIG-10-15, November 2009, ISP).

http://www.dhs.gov/xoig/assets/mgmttrpts/OIGr_10-15_Nov09.pdf

TRANSPORTATION SECURITY ADMINISTRATION

MANAGEMENT REPORTS

Security of Air Cargo During Ground Transportation

The Transportation Security Administration (TSA) could improve its efforts to secure air cargo during ground handling and transportation. Personnel were sometimes accessing, handling, or transporting air cargo without the required background checks or training. Our review of drivers' records also showed that some did not satisfy the required training and testing requirements.

TSA's inspection process has not been effective in ensuring that requirements for securing air cargo during ground transportation are understood or followed. The inspection process has focused on quantity rather than outcomes and ensuring corrective actions. Automated tools to assist inspectors in analyzing results and focusing their oversight efforts on high-risk areas in air cargo security were not adequate. As a result, air cargo is vulnerable to the introduction of explosives and other destructive items before it is loaded onto planes, potentially creating risks for the traveling public.

We made six recommendations to TSA. The agency concurred with five recommendations and partially concurred with one recommendation. (OIG-10-09, November 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIGr_10-09_Nov09.pdf

Management of the Transportation Security Administration's Logistics Center

We conducted this review to determine whether TSA was efficiently deploying, redeploying, and disposing of transportation security equipment through its Logistics Center. We performed this audit as a result of the property, plant, and equipment material weakness reported in the TSA FY 2008 financial statement audit. We reviewed the issues contributing to the material weakness, including levels of inactive assets on hand, inadequate processes for redeploying used assets not planned for disposal, and improper recording and accounting for all equipment and the associated costs necessary to deploy and operate that equipment. Our analysis of work processes, procedures, data sources, and operations reports disclosed that TSA did not efficiently deploy, redeploy, or dispose of transportation security equipment through its Logistics Center in Dallas, Texas. TSA chartered an Integrated Property Management Team to address the concerns identified in the report and initiated corrective actions to address each of the recommendations.

(OIG-10-14, November 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-14_Nov09.pdf

Review of Transportation Security Administration's Expenditure Plan: Explosives Detection Systems and Equipment

The *American Recovery and Reinvestment Act of 2009* provided \$1 billion to TSA for procurement and installation of explosives detection systems and equipment. As part of our oversight responsibilities to monitor the department's use of Recovery Act funds, we reviewed TSA's expenditure plan to procure and install explosives detection systems and equipment. TSA's expenditure plan is generally practical, thorough, and comprehensive, except that it does not have contingency plans for equipment that the Transportation Security Laboratory

has not yet qualified or operationally tested. The unavailability of qualified technology may delay projected contract award dates and the expenditure of the Recovery Act funds. Although TSA's expenditure plan did not meet the Recovery Act goal of using 50% of the Recovery Act funds for activities that could be initiated by June 17, 2009, TSA expects to fulfill the special contracting provision by using competitive procedures to award fixed-price contracts.

We did not make recommendations in this report. TSA disagreed with our conclusion that the plan did not include contingency plans for equipment that had not been qualified or operationally tested. (OIG-10-25, December 2009, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-25_Dec09.pdf

TSA's Breach of Sensitive Security Information

At the request of the Secretary for the Department of Homeland Security, we reviewed the events surrounding the release of Sensitive Security Information contained in TSA's Screening Management Standard Operating Procedures. On December 6, 2009, the TSA's Blog Team received an email message indicating that unredacted Sensitive Security Information in its Screening Management Standard Operating Procedures was on the Internet and visible to the public. The objectives of our review were to determine how and why the release occurred, and whether management controls are in place and operational to ensure that a similar event will not recur. We determined that the redactions were not applied properly for the Standard Operating Procedures in question, and appropriate quality control procedures were not in place to protect against inadvertent disclosure. Consequently, Sensitive Security Information was visible in a public document on the Internet. TSA took immediate action and began intermediate and long-term measures to mitigate vulnerabilities when it learned that Sensitive Security Information was publicly available. However, further improvements are needed. Specifically, TSA's and the department's internal controls for reviewing, redacting, and coordinating the protection of Sensitive Security Information are deficient. We made

five recommendations. TSA and the Chief Privacy Office concurred with the five recommendations. (OIG-10-37, January 2010, ISP)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-37_Jan10.pdf

TSA's Preparedness for Mass Transit and Passenger Rail Emergencies

TSA can better support passenger rail agencies by improving its assessments of emergency preparedness and response capabilities. It can also improve its efforts to train passenger rail agencies and first responders, and ensure that drills and exercises help strengthen response capabilities. TSA has primarily focused on security and terrorism prevention efforts while providing limited staff and resources for emergency preparedness and response. We made four recommendations to improve the agency's overall management and effectiveness in supporting passenger rail agencies' emergency preparedness and response capabilities. TSA concurred with the recommendations and has taken actions to address them. (OIG-10-68, March 2010, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-68_Mar10.pdf

Transportation Security Administration's Acquisition of Support Services Contracts

We determined that TSA did not provide adequate management and oversight of acquisitions for support services for transportation security programs. Contractors were performing inherently governmental functions or roles that closely support the performance of inherently governmental functions, acquisition staff did not follow acquisition guidance, and support services contracts contained vague statements of work. The Assistant Secretary for TSA concurred with our recommendations to (1) include a contract review of inherently governmental functions as part of contract administration; (2) establish evaluation factors and a review process for requirements identified in the statements of work; and (3) assign dedicated, trained, and certified contract officer technical representatives to manage and oversee the contract administration function. (OIG-10-72, March 2010, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-72_Mar10.pdf

Evaluation of Newly Deployed and Enhanced Technology and Practices at the Passenger-Screening Checkpoint

As complex threats to aviation security evolve, TSA continues its mitigation efforts through the deployment of advanced technologies at the passenger-screening checkpoint. The use of innovative passenger-screening technology is intended to prevent harmful and prohibited items from entering airport sterile areas and potentially onboard aircraft. We evaluated Advanced Imaging Technology, Advanced Technology X-ray equipment, and Liquid Container Screening, all used to screen passengers or their carry-on items. We also tested TSO performance in checking passengers' travel documents.

Vulnerabilities exist in the current screening process at the passenger-screening checkpoint. Our report contained eight recommendations. TSA concurred with seven of the recommendations and partially concurred with one recommendation. (OIG-10-75, March 2010, OA)

http://www.dhs.gov/xoig/assets/mgmt/rpts/OIG_10-75_Mar10.pdf

INVESTIGATIONS

TSA Officer Pleads Guilty to Making Bomb Threat

As a result of our investigation into a bomb threat, we discovered evidence that a TSA Transportation Security Officer (TSO) had forwarded text messages to a third party indicating that he was responsible for making the telephone bomb threat. When confronted with that information, he made a full confession. The TSO was sentenced to 1 year probation and 40 hours of community service.

Complainant Prosecuted for Submitting False Allegations Against a TSA Transportation Security Officer

We investigated an anonymous complaint that a TSO had improperly queried the criminal histories, credit reports, addresses, bank accounts, and medical histories of other TSA employees. The complainant further alleged that the TSO intended to blackmail the other TSA employees for money to pay off debts and fund a business. Our investigation identified the anonymous complainant and

revealed that the allegations against the TSO were false. The complainant was indicted on two counts of false statements or entries and subsequently pleaded guilty to one count. The complainant was sentenced to 180 days home confinement and 3 years probation, and ordered to pay restitution in the amount of \$3,016 to DHS.

TSA Screener Arrested

We investigated an allegation that a TSO tampered with baggage-screening equipment at a U.S. international airport. According to the information received, the TSO disabled the equipment, causing multiple bags to be placed on an aircraft without being properly screened. Preliminary inquiry by airport management determined that this act was witnessed by four TSOs, who took no action to prevent it or report the incident to management. The TSO who tampered with the equipment was arrested and charged with one count of destruction of aircraft or aircraft facilities and terminated by TSA. His trial is set for later this year. The four TSOs who witnessed but failed to report the incident were also terminated by TSA.

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

MANAGEMENT REPORTS

U.S. Citizenship and Immigration Services' Implementation of the Kendell Frederick Citizenship Assistance Act

We reported on the department's implementation of the *Kendell Frederick Citizenship Assistance Act* to streamline the process for U.S. military service members seeking to become U.S. citizens. USCIS has implemented a process to use previously submitted fingerprints for military naturalizations, and it tracks and reports processing time to ensure that it completes adjudication of applications timely. USCIS has also undertaken several IT initiatives to improve the military naturalization process. However, USCIS' IT systems, such as the application processing system and background check support systems, do not meet all user requirements. Further, USCIS had not yet completed a privacy

assessment for its process to obtain enlistment fingerprints from partner agencies. We recommended that USCIS address the requirements not met by existing IT systems through its ongoing IT transformation process, implement mobile fingerprint capabilities overseas, pursue expanding the use of video teleconference technology in the naturalization process, and finalize the privacy impact assessment for the system used to store fingerprints obtained from partner agencies.
(OIG-10-39, January 2010, IT-A)
http://www.dhs.gov/xoig/assets/mgmt/rpts/OIG_10-39_Jan10.pdf

INVESTIGATIONS

Employee of Legal Aid Organization Sentenced for Fraud

Our investigation resulted in an employee of an alien legal aid organization being sentenced in federal court to 3 months in prison, 5 months of home confinement with electronic monitoring, 3 years supervised release, and \$20,000 in restitution as the result of her guilty plea to one count of mail fraud. The employee defrauded her employer by charging both the legal aid service and her clients for the same legal services. The legal aid organization is a grantee recipient of Department of Justice funds earmarked to provide free legal services to individuals requesting advice from USCIS.

USCIS Adjudication Officer Pleads Guilty

With the FBI, we investigated an Adjudications Officer, USCIS, who admitted that over an extended period of time, he accepted bribes and other payments from aliens to prepare their immigration benefit applications. He subsequently pleaded guilty to one count of misuse of a government computer and disclosure of information.

USCIS Immigration Information Officer Pleads Guilty to Media Piracy and Copyright Violations

In conjunction with the FBI, we investigated a case involving the large-scale pirating of audio music CDs and video DVDs by a USCIS Immigration Information Officer (IIO). The IIO admitted to engaging in the illegal activity for profit spanning a period of 5 years. He pleaded guilty to one count of trafficking in counterfeit labels and was sentenced to 12 months probation and 5 years supervised release. He resigned his position with USCIS.

Foreign National Arrested, Pleads Guilty to Facilitating USCIS Immigration Fraud

In 2005, we began an investigation into the selling of genuine U.S. immigration documents to foreign nationals by USCIS employees. A portion of the investigation involved identifying coconspirators (U.S. citizens and foreign nationals) who were facilitating the criminal activity of the USCIS employees by referring clients to them. One such coconspirator, a foreign national, fled to their country of origin upon learning of our arrest of high-ranking USCIS employees involved in the scheme. The foreign national recently attempted to regain entry into the United States via an international airport in the Washington, D.C. area, was identified as the result of a nationally posted “lookout,” and was arrested and pleaded guilty to one felony count of procurement of citizenship or naturalization unlawfully.

Foreign National Pleads Guilty to Bribery of a USCIS Employee

We investigated an allegation after a USCIS employee reported that a foreign national offered him \$3,000 to approve her naturalization application. The foreign national paid the USCIS employee \$600 as a down payment and continued to request that the USCIS employee misuse his official capacity and approve her naturalization application. During subsequent undercover operations, she paid an additional \$2,900 to complete the bribe. She was arrested and ultimately pleaded guilty to one count of bribery of public officials and witnesses, for which she received a sentence of 6 months incarceration.

UNITED STATES COAST GUARD

MANAGEMENT REPORTS

Review of U.S. Coast Guard’s Expenditure Plans for the American Recovery and Reinvestment Act of 2009

We reviewed the Coast Guard’s expenditure plans to determine whether they were practical, thorough, comprehensive, and designed to meet the goals of the Recovery Act. We also evaluated the plans ac-

cording to prudent management principles, such as risk mitigation and management control strategies. The Coast Guard generally developed practical, thorough, and comprehensive plans to spend Recovery Act funds to alter obstructive bridges and to acquire, construct, or improve its shore facilities and vessels. Although the plans were generally designed to meet the Recovery Act's goals, the Coast Guard's plans for shore facility and vessel projects and alteration or removal of obstructive bridges did not meet the Recovery Act's quick-start goal of using 50% of the stimulus funds for activities that could be initiated by June 17, 2009.

(OIG-10-06, October 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIGr_10-06_Oct09.pdf

Review of United States Coast Guard's Certification of Maritime Awareness Global Network (MAGNET)

As required by House Committee Report 110-862, Fiscal Year 2009 Appropriations, we reviewed the United States Coast Guard's certification of the Maritime Awareness Global Network (MAGNET). On March 9, 2009, the Coast Guard Commandant certified that MAGNET complies with all applicable privacy laws. The results of our review confirmed that the Coast Guard has complied with all applicable privacy laws to protect the data processed and stored by MAGNET. However, we determined that the Coast Guard can improve on MAGNET's technical controls to protect the data processed and stored by the system. The Coast Guard concurred with both recommendations aimed at improving the security posture of MAGNET.

(OIG-10-07, October 2009, IT-A)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-07_Oct09.pdf

Annual Review of the United States Coast Guard's Mission Performance (FY 2008)

The *Homeland Security Act of 2002* requires the OIG to conduct an annual review of the U.S. Coast Guard's mission performance. We reviewed the Coast Guard's performance measures and results for each non-homeland security and homeland security mission, as well as resource hours used to perform the various missions from fiscal years 2001

through 2008. Our review showed that, for the seventh consecutive year, the U.S. Coast Guard, in fiscal year 2008, dedicated more resource hours to homeland security missions than non-homeland security missions. The data also showed that the gap between homeland security and non-homeland security missions is narrowing. Coast Guard performance measurement data showed that it met more non-homeland security mission performance measures than homeland security measures.

(OIG-10-17, November 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-17_Nov09.pdf

INVESTIGATIONS

Contracted Information Technology Specialist Terminated for Unauthorized Use of U.S. Coast Guard IT Network

We investigated a case involving contracted IT Specialists having access to USCG Information Technology Network. One contractor utilized an unauthorized "proxy" server located at his residence to bypass U.S. Coast Guard IT Network security protocols, rendering the network vulnerable to outside intrusion. The contractor IT employee was terminated from his employment at USCG.

UNITED STATES CUSTOMS AND BORDER PROTECTION

MANAGEMENT REPORTS

CBP's Ability to Detect Biological and Chemical Threats in Maritime Cargo Containers

In 2008, approximately 11 million oceangoing cargo containers arrived at the Nation's seaports—a possible route of entry for weapons of mass destruction. To manage the volume of maritime cargo, CBP employs a layered approach centered on advanced intelligence, effective inspections, a secure port environment, and implementation of examination policies and procedures. The Automated Targeting System assists CBP officers in screening shipping information and selecting shipments for inspection. While CBP has taken steps to mitigate the threat of nuclear and radiological weapons of mass destruction in maritime cargo containers, it could do more to mitigate threats posed by biological and chemical

weapons. CBP also has not conducted a formal risk assessment to determine which pathways pose the highest risk of biological and chemical weapons entering the Nation and to provide a basis for allocating detection technology development resources. We recommended that CBP develop and issue guidance to help ensure consistent processes for examining cargo for all potential threats, conduct or commission a formal risk assessment of potential pathways by which biological and chemical threats may enter the country, and ensure that detection technology resources are allocated to the pathways that pose the highest risk. CBP concurred with our recommendations and outlined the steps it will take to implement the improvements.

(OIG-10-01, October 2009, OA)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_10-01_Oct09.pdf

Review of U.S. Customs and Border Protection's Expenditure Plans for the American Recovery and Reinvestment Act of 2009

CBP generally developed practical, thorough, and comprehensive expenditure plans for tactical communications modernization, Southwest border security technology, nonintrusive inspection equipment, and construction of CBP-owned land ports of entry. However, CBP could improve its plan to modernize and upgrade tactical communications by coordinating with ICE to purchase similar equipment. Although CBP expected to meet the goal of the Recovery Act's special contracting provision by competitively awarding fixed-price contracts, none of the expenditure plans met the "quick-start" goal of using 50% of the stimulus funds for activities that CBP could initiate by June 17, 2009. We recommended that CBP coordinate equipment procurements with ICE to identify opportunities to maximize resources, such as taking advantage of volume discounts. CBP concurred with the recommendation.

(OIG-10-05, October 2009, OA)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_10-05_Oct09.pdf

Cargo Targeting and Examinations

In 2008, approximately 11 million oceangoing cargo containers arrived at the Nation's seaports. To manage the potential security threats presented

by this volume of maritime cargo, CBP employs a multilayered approach, including analyzing and reviewing shipment information and targeting and inspecting high-risk cargo. The Automated Targeting System is a key component of this multilayered security strategy. Section 809(g) of the Coast Guard and Maritime Transportation Act of 2004 (Public Law 108-293) requires the OIG to annually report on its evaluation of the targeting system. We concluded that (1) CBP could improve records retention to support decisions made to waive or inspect high-risk shipments, (2) guidance on conducting and recording physical examinations of high-risk cargo containers for biological, chemical, nuclear, and radiological threats is outdated, and (3) potentially dangerous goods and substances may go undetected because CBP officers use their own discretion and inconsistent processes to examine cargo. We recommended that CBP improve its process for updating targeting rules for identifying high-risk shipments, documenting rule change decisions, and documenting test and evaluation of rule changes. CBP concurred with our recommendations and outlined plans and actions to implement them.

(OIG-10-34, January 2010, OA)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_10-34_Jan10.pdf

CBP's Container Security Initiative Has Proactive Management and Oversight, But Future Direction Is Uncertain

CBP's mission includes protecting the American public against terrorists and the instruments of terror. One area of vulnerability is the 11 million maritime cargo containers arriving at the Nation's seaports annually. To manage the volume of cargo, CBP employs a layered security approach centered on intelligence, inspections, a secure port environment, and international screening of cargo. As part of this layered security approach, in 2002 CBP established the Container Security Initiative (CSI), a process to identify and inspect high-risk cargo at foreign ports.

CBP conducts periodic evaluations of overseas CSI operations and has software tools to help managers monitor port activities. However, CBP could improve its local port standard operating procedures and the criteria used to evaluate these procedures.

The CSI Strategic Plan does not address how the program integrates with other international maritime cargo security programs within CPB's layered security strategy. The Strategic Plan also needs updated performance measures and does not include a vision for the future direction of the program. We made recommendations on actions that CBP can take in each of these areas to enhance international maritime cargo security. CBP concurred with the recommendations.

(OIG-10-52, February 2010, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-52_Feb10.pdf

CBP Faces Challenges in Achieving Its Goals for Small Business Participation in Secure Border Initiative Network

CBP faces challenges in meeting small business subcontracting goals for the remainder of the Secure Border Initiative Network (*SBI*net) indefinite delivery, indefinite quantity contract. The prime contractor has implemented initiatives to improve small business participation in *SBI*net subcontracts to achieve its subcontracting goals. Despite these initiatives, the contractor has not achieved the established goals for small business participation since the semiannual reporting period ended September 2007. We recommended that CBP continue monitoring Boeing's efforts to identify and recruit small business in order to achieve established small business goals in the *SBI*net contract. CBP did not concur with our recommendation.

(OIG-10-54, February 2010, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-54_Feb10.pdf

INVESTIGATIONS

CBP and TSA Employees Arrested for Smuggling (Update 4/01/09–10/01/09 SAR)

We investigated an allegation that a TSA Supervisory TSO participated in smuggling narcotics through a checkpoint at a U.S. international airport. Our investigation determined that the TSO conspired with two U.S. Customs and Border Protection Officers (CBPOs) to facilitate an international smuggling operation. We arrested the TSO, who pleaded guilty to one count of attempt to distribute and possess a controlled substance and was sentenced to 135 months incarceration followed

by 5 years supervised release. We also arrested the two CBPOs, whose trials are pending.

CBPO Pleads Guilty to Fraud and Misuse of Visas

We investigated a CBPO who on several occasions disclosed sensitive law enforcement information to unauthorized parties and provided an illegal alien with several fraudulently renewed immigration documents (I-94s, Records of Arrival/Departure), which permitted the alien to illegally remain in the United States. In addition, we discovered that prior to his government employment, the CBPO received \$30,000 in exchange for delivering \$270,000 of illegally derived proceeds to Haiti. The CBPO ultimately pleaded guilty to one count of fraud and misuse of visas, permits and other documents, for which he received a sentence of 2 years federal probation, 100 hours of community service, and a \$100 special assessment fee.

Border Patrol Agent Pleads Guilty to Bribery and Drug Trafficking

As the result of our investigation, a U.S. Border Patrol Agent (BPA) pleaded guilty to violation of a public official accepting a bribe, and attempt to aid and abet the possession with intent to distribute 5 kilograms of cocaine. The BPA facilitated the shipment and transportation of illicit drugs (cocaine and marijuana) by providing protective escorts in exchange for bribe payments, which allowed the illicit drugs to avoid detection by other law enforcement officers. The plea agreement stipulated to the recommended sentence of 6 years incarceration. As part of his plea agreement, the BPA agreed to fully cooperate in a debriefing interview.

CBPO Sentenced for False Statement (Update 4/01/09 – 9/30/09 SAR)

We investigated allegations that a CBPO accepted money to allow ineligible aliens to enter the United States, participated in fraudulent mortgage transactions, and made unauthorized queries of a law enforcement database. An undercover operative posed as an illegal alien being detained, and arranged for the CBPO to translate the interview. During the interview, the CBPO coached the "detainee" and withheld relevant information from the agents. The CBPO pleaded

guilty to providing false statements, was sentenced to 3 years probation, fined \$3,000, and terminated by CBP.

Former CBPO Sentenced for Alien Smuggling and Bribery

Working with the FBI and the Drug Enforcement Administration (DEA), we arrested a CBPO and four civilian conspirators following a multiyear investigation into the CBPO's criminal activities involving his accepting bribes to allow illegal aliens to be smuggled through the inspection lane he staffed at his port of entry border crossing at the U.S.–Mexican border. The CBPO pleaded guilty to alien smuggling and bribery and was sentenced to 37 months of incarceration followed by 36 months of supervised release, and ordered to pay a \$4,000 fine. The civilian conspirators received varying sentences, including 15 to 19 months incarceration, 24 to 36 months of supervised release, loss of status as a lawfully admitted permanent resident and removal from the United States, and one received a \$2,500 fine. The remaining subject entered a guilty plea and is awaiting sentencing.

Former BPA Sentenced for Theft (Update 4/01/09 – 9/30/09 SAR)

We arrested a BPA for theft of public money after he removed \$2,500 from what he thought was an abandoned vehicle and failed to report the money or turn it in to proper authorities. We arrested a second BPA who failed to report and lied to our agents about the theft. He subsequently pleaded guilty to false statements. As the result of our investigation, the first BPA was sentenced to 11 months incarceration and 3 years supervised release, and levied a \$1,000 fine and a \$100 assessment fee.

Former INS Employee Sentenced to 3 Years for Impersonation of a Government Employee (Update 4/01/09 – 9/30/09 SAR)

We arrested a former Immigration and Naturalization Service (INS) employee following an undercover meeting during which he impersonated a U.S. government employee, produced a badge to support his claim, and accepted money in exchange for providing immigration assistance. After his arrest, he admitted to his participation in the fraudulent scheme and provided additional infor-

mation regarding other allegedly corrupt immigration officials. This was the individual's third federal conviction since 1996 for participating in similar schemes to defraud aliens. He was sentenced in federal court to 3 years incarceration.

Three Airline Employees Arrested for Alien Smuggling

Our investigation resulted in former airline reservation agents pleading guilty to transportation of illegal aliens for profit and conspiracy to smuggle aliens. Two Reservation Agents and an airport baggage handler were arrested by us and ICE Office of Investigations after we determined that the three defendants used their airline positions to sell passage on commercial aircraft to illegal aliens, then assisted them in bypassing the CBP checkpoint and boarding airline flights to the continental United States.

CBPO Sentenced to 15 Years for Sexual Exploitation of a Minor (Update 4/01/09 – 9/30/09 SAR)

Our joint investigation with local police resulted in a CBPO assigned to the northern border being found guilty in federal court on two counts in violation of sexual exploitation of children, and certain activities relating to material involving the sexual exploitation of minors. He was sentenced to 15 years incarceration. The CBPO was the subject of a restraining order pertaining to inappropriate contact with a minor child. State investigators executed a search warrant on his house and seized two computers, which later produced digital photos of the CBPO and the minor engaged in sexual acts at his residence. The minor victim, when shown the digital images, disclosed that she had been involved in a sexual relationship with the CBPO, which resulted in his arrest on state charges. Subsequent investigation led to federal charges being filed and our arrest of the CBPO on those charges.

Smuggler Sentenced in Drug Conspiracy Investigation

A drug smuggler was sentenced to 78 months in prison following his guilty plea in federal court to bribery and conspiracy to possess with the intent to distribute marijuana. This case originated with a CBPO who reported to us that he was offered

\$60,000 by a relative to cross a load of marijuana through his primary inspection lane at the port of entry where he worked. Our subsequent investigation with the FBI Public Corruption Task Force resulted in the narcotic and bribery arrests of three individuals involved in the conspiracy to smuggle illegal narcotics into the United States.

Smuggler Sentenced for Alien Smuggling Conspiracy

An alien smuggler was sentenced to 37 months incarceration, followed by 36 months supervised release, and ordered to pay a fine of \$500. We and the FBI arrested the smuggler after he conspired with a former CBPO and the CBPO’s spouse to smuggle special-interest aliens into the United States through the CBPO’s inspection lane at a U.S. port of entry. This 12-month investigation conducted by the OIG, FBI, and CBP Internal Affairs resulted in the apprehension of 12 undocumented aliens, two U.S. citizen alien smugglers, and the CBPO and his spouse. The CBPO and his spouse, who were also involved in narcotic smuggling, were each sentenced to 36 months incarceration for conspiracy and importation of a controlled substance.

CBP Officer Arrested and Pleads Guilty to Passport Fraud

On October 30, 2008, a CBPO was arrested by us, the FBI, and DEA for the unlawful manufacture, distribution, or possession of a controlled substance and false statement in application and use of a U.S. passport. The CBPO secured an official U.S. passport for a known narcotic smuggler in exchange for \$50,000. The CBPO pleaded guilty to false statement in application and use of passport, and was terminated from CBP subsequent to his arrest. The CBPO’s sentencing is currently pending.

Two CBPOs, an ICE Special Agent, and Two Civilians Sentenced for Theft of Public Money and Bribery (Update 4/01/09 – 9/30/09 SAR)

We arrested two CBPOs, a ICE Special Agent (SA), and two civilian coconspirators following a multiyear investigation into a scheme in which Border Patrol credit cards were fraudulently charged \$55,479 for personal goods and services. The officers pleaded guilty to theft of government money and bribery, while the civilian conspirators pleaded



DHS OIG agents arresting suspect
Source: DHS OIG Gallery

guilty to aiding and abetting, misprision of a felony, and theft of government money. The CBPOs and SA were sentenced as follows: 12 months home confinement, 36 months of supervised release and ordered to pay \$37,525 in restitution; 60 months supervised release and ordered to pay \$6,613 in restitution; and 60 months supervised release and ordered to pay \$6,531 in restitution. The civilian coconspirators were sentenced as follows: 120 days home confinement, 24 months of supervised release and ordered to pay a \$2,100 fine; and 120 days home confinement, 60 months supervised release and ordered to pay a \$5,100 fine.

UNITED STATES IMMIGRATION AND CUSTOMS ENFORCEMENT

MANAGEMENT REPORTS

Age Determination Practices for Unaccompanied Alien Children in ICE Custody

At the request of the House Appropriations Committee, we reviewed ICE’s approach to age determinations for those in its custody. The committee expressed concern that the department had “not

ceased its reliance on bone and dental forensics for child age determinations.” While ICE uses radiographic exams to help determine individuals’ ages in some cases, it recognizes the limits of radiographs and strives to obtain additional information when making age determinations. ICE does not, however, track age determination data, including the number of radiographic exams that are used for age determinations or the number of misplacements of detained juveniles or adults. We recommended that ICE enhance its ability to track age determination data, including the number of radiographic exams and the number of reversed age determinations. (OIG-10-12, November 2009, ISP)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_10-12_Nov09.pdf

Immigration and Customs Enforcement Policies and Procedures Related to Detainee Transfers

Several nongovernmental organizations requested that we conduct a review of ICE detainee transfer policies and procedures. These organizations reported that some transfers have not complied with ICE National Detention Standards and have created hardships for detainees. ICE’s Office of Detention and Removal Operations is responsible for arresting, detaining, and removing inadmissible and deportable noncitizens (aliens) from the United States. Since its creation in 2003, ICE has detained more than 1.7 million individuals. In 2009, ICE had a total bed capacity of 33,400. Recently, detainee transfers to other facilities have increased because of insufficient bed space in some facilities. Transfer determinations made by ICE officers at facilities we visited were not conducted according to a consistent process. This led to errors, delays, and confusion for detainees, their families, and legal representatives. We made two recommendations: (1) to establish a national standard for reviewing detainee files prior to transfer and (2) to implement a policy requiring Field Offices to develop protocols with immigration courts for the exchange of custody hearing and detainee transfer schedules. ICE is taking steps to ensure that a uniform and consistent examination of each detainee’s file is conducted so that legal representation, hearing schedule, and other factors will be taken into consideration before a transfer determination is made. ICE is also reinforcing

the need for Field Offices to coordinate with immigration court administrators.

(OIG-10-13, November 2009, ISP)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_10-13_Nov09.pdf

Release of the U.S. Immigration and Customs Enforcement’s Worksite Enforcement Strategy

At the request of the Ranking Member of the Subcommittee on Homeland Security, Committee on Appropriations, we reviewed the potential unauthorized release of the ICE Worksite Enforcement Strategy guidelines. The review examined events leading up to and including the April 30, 2009, release of the Worksite Enforcement Strategy guidelines. On April 30, 2009, a New York Times article described very specific aspects of the Worksite Enforcement Strategy, which created confusion as to whether Law Enforcement Sensitive information was released to the public. Later that day, the copy of the strategy provided to Congress was marked as Law Enforcement Sensitive. Our objectives were to (1) determine the process to disseminate the Worksite Enforcement Strategy guidelines and (2) assess the events related to the potential unauthorized release of Law Enforcement Sensitive information, including ICE’s actions in addressing and handling the incident. We determined that the release had deviated from established DHS and ICE practices; however, no Law Enforcement Sensitive information was released. This event appears to be isolated, and not a systemic issue within DHS or ICE. We made two recommendations to clarify the sensitivity designation of the Worksite Enforcement Strategy and to enhance ICE’s designation removal processes. ICE concurred with both recommendations.

(OIG-10-22, December 2009, ISP)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_10-22_Dec09.pdf

The U.S. Immigration and Customs Enforcement Process for Authorizing Medical Care for Immigration Detainees

We reviewed the process that ICE uses to authorize medical care for immigration detainees. We determined that ICE’s process required a great deal of staff time and resources, even though very little care is denied through the process. After discus-

sions with clinical experts at detention facilities and at the headquarters of the Division of Immigration Health Services, we identified further areas for greater efficiency, including possible systems improvements and enhancements to focus on the maintenance of networks with outside medical providers. ICE concurred with all 10 of the report recommendations.

(OIG-10-23, December 2009, ISP)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-23_Dec09.pdf

***Immigration and Customs Enforcement
Management Controls Over Detainee
Telephone Services***

ICE has made considerable progress in ensuring detainees' access to contractor telephone and pro bono services at Service Processing Centers, Contractor Operated Facilities, and Inter-governmental Service Agreement sites, where the majority of illegal aliens are detained. Although ICE made significant progress to improve the development and execution of the telephone service contract, a risk remains that detainees could be mischarged for these services.

We recommended that ICE develop and implement policies and procedures to ensure compliance with financial reporting provisions of the contract and ensure that individuals assigned to oversee the contract are fully capable of understanding and evaluating the financial data requirements of the contracts. ICE concurred with our recommendations.

(OIG-10-36, January 2010, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-36_Jan10.pdf

Management and Oversight of Immigration and Customs Enforcement Office of International Affairs Internal Controls for Acquisitions and Employee Integrity Processes

The criminal investigation of a senior ICE Office of International Affairs official identified potential vulnerabilities in a number of internal controls. We reviewed the progress by the ICE Office of International Affairs to improve the effectiveness of its internal controls. We concluded that ICE has improved its policies, procedures, and internal controls; specifically, acquisition procedures for both armored and conventional vehicles for overseas offices have been improved. In addition, a policy

change regarding the use of liaison expenditure funds now requires additional documentation and prior headquarters approval for the use of specific levels of funds. However, ICE needs additional controls to address remaining vulnerabilities. We recommended that ICE develop and implement control measures over acquisitions abroad, as well as a plan to oversee acquisition activities. We also recommended that ICE provide additional guidance to staff overseas to ensure that they understand their roles and responsibilities in managing property. Finally, we recommended that ICE establish procedures to track compliance with the foreign tour of duty policy.

(OIG-10-38, January 2010, ISP)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-38_Jan10.pdf

The Performance of 287(g) Agreements

The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009, and accompanying House Report 110-862, require that we report on the performance of 287(g) agreements with state and local authorities. Section 287(g) of the *Immigration and Nationality Act* empowers DHS to delegate immigration enforcement authorities to state and local government agencies through formal written agreements with state and local jurisdictions and supervise the immigration enforcement activities of participating officers in these jurisdictions. We observed instances in which ICE and participating law enforcement agencies were not operating in compliance with the terms of the agreements. We also noted several areas in which ICE had not instituted controls to promote effective program operations and address related risks. We recommended that ICE (1) establish appropriate performance measures and targets to determine whether program results are aligned with program goals, (2) develop guidance for supervising 287(g) officers and activities, (3) enhance overall 287(g) program oversight, (4) strengthen the review and selection process for law enforcement agencies requesting to participate in the program, (5) establish data collection and reporting requirements to address civil rights and civil liberties concerns, (6) improve 287(g) training programs, (7) increase access to and accuracy of 287(g) program information provided to the public, and (8) standardize 287(g) officers'

access to DHS information systems. We made 33 recommendations for ICE to strengthen management controls and improve its oversight of 287(g). (OIG-10-63, March 2010, ISP)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_10-63_Mar10.pdf

INVESTIGATIONS

ICE Employee Guilty of Document Fraud

A former Deportation Officer (DO) ICE, Detention and Removal Operations, pleaded guilty to obstruction of justice and document fraud. The obstruction count involved his participation in the destruction of master immigration Alien files (A-files) of deportable aliens with the intent to prevent their deportation. The second count involved his fraudulent issuance of an Alien Documentation Identification and Telecommunication (ADIT) stamp conveying temporary legal resident status to an alien who was eligible for deportation. As a DO, the subject was responsible for supervising aliens who had been deported but were not in immigration custody. Our investigation determined that the DO accepted bribes from a deportable foreign national to destroy his and his cousin's A-files, fraudulently placed ADIT stamps in passports of other deportable aliens, and arranged for the unauthorized release of an alien in ICE custody.

ICE Employee Guilty of Firearm and Ammunition Violations

We and local police investigated a former Immigration and Enforcement Agent (IEA) ICE, Detention and Removal Operations (DRO), who pleaded guilty to one count of unlawful possession of a firearm and one count of possession of stolen ammunition. Our joint investigation revealed that the former ICE employee was a convicted felon and was in possession of several firearms; items bearing DHS and ICE markings, including a portable radio; ammunition; fraudulent credentials; and replica badges. The former ICE employee admitted to willfully and illegally possessing firearms, and he failed to return his ICE-issued radio and took for his personal benefit one case of .40 caliber ammunition from the ICE DRO office. He also illegally manufactured, displayed, and carried on his person photocopies of his official ICE DRO

credentials along with a replica of his official ICE DRO badge.

Corporation Reaches Settlement Regarding Bulletproof Vests (Update – 10/01/09 to 03/31/10)

The Justice Department announced that the United States has reached a \$6.7 million settlement with a foreign manufacturer of ballistic protective vests, to resolve claims under the *False Claims Act* in connection with the company's and its U.S.-based subsidiaries' importation and sale of defective Zylon fiber used as material in bullet-resistant protective vests purchased by the United States for federal, state, local, and tribal law enforcement agencies. The United States alleges that at the same time this foreign corporation was selling its Zylon material, the company knew of significant manufacturing and degradation problems in the Zylon fiber that rendered the material unsafe for ballistic use. The above action is part of an ongoing investigation of the body armor industry's use of Zylon fiber, which we are working with Justice Department's Civil Division and several other federal law enforcement agencies.

Guard Force Contractor and Training Subcontractor Guilty of False Statements

An employee of a company awarded a federal government contract to provide armed security guard force services at several federal buildings housing DHS offices, and a collusive subcontractor, each pleaded guilty to one felony count of making a false, fictitious, or fraudulent statement. Our investigation determined that the prime contractor colluded with the subcontractor who was responsible for training the federal contract security guard force personnel in first aid, cardiopulmonary resuscitation (CPR), and other associated medical/law enforcement skills. Together they provided fraudulently obtained first aid and CPR training credentials and certification documents to the guard force personnel hired by the prime contract company.

UNITED STATES SECRET SERVICE

MANAGEMENT REPORTS

United States Secret Service After-Action Review of Inaugural Security

The Chairman of the House Homeland Security Committee, requested that we review concerns of lax security cited in a January 30, 2009, Washington Post article. Our review focused on (1) the adequacy of security at the events described in the Washington Post article and (2) how well the U.S. Secret Service (USSS) managed its after-action review of the concerns cited in the article. We evaluated the article's concerns that some persons who attended some inaugural functions believed that they observed security weaknesses, but we determined that USSS security measures were not readily identifiable to inaugural participants. We determined that the USSS after-action review was prompt and thorough, and was designed to identify security planning and implementation weaknesses. We also concluded that the USSS risk assessments and security plans for the events described in the article were reasonable. Because the USSS after-action report identified and addressed areas for improvement, we requested that the USSS inform us of the implementation of these changes. We made one recommendation in this review. USSS concurred and implemented the recommendation. (OIG-10-04, October 2009, ISP)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIGr_10-04_Oct09.pdf

MULTIPLE COMPONENTS

MANAGEMENT REPORTS

Process Used by the Department of Homeland Security to Monitor Reporting by Recipients of American Recovery and Reinvestment Act of 2009 Funds

At the request of the Recovery Accountability and Transparency Board, we determined whether DHS had established a process to perform limited data quality reviews of reports submitted by recipients of Recovery Act funds. At a minimum, the process

should identify material omissions and/or significant reporting errors and notify the recipients to make appropriate and timely changes. The DHS process was in development. Specifically, FEMA, CBP, USCG, and ICE developed their own approaches to monitor recipient reporting, which were consistent with the Board's Data Quality Review Guide. TSA, the other component administering Recovery Act funds, had yet to develop a methodology. Also, DHS headquarters developed a method to identify non-registrants of the reporting system and provided the information on the non-registrants to the components for follow up. We recommended that DHS issue formal policy and procedures to guide the agency. DHS generally concurred with our recommendation.

(OIG-10-08, October 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_10-08_Oct09.pdf

DHS Conference Spending Practices and Oversight

At the request of the Chairman of the House Committee on Homeland Security, we reviewed the department's conference spending practices and evaluated its policies, oversight, and reporting of conference planning and related expenditures. Specifically, we assessed the total amount the department spent on producing or facilitating conferences, retreats, and other offsite activities for fiscal years 2005, 2006, and 2007. In addition, we obtained a full list of each conference that received funding or staffing support from the department during FY 2007. The department has made progress in developing department-wide conference-planning policies. However, work is still needed to provide clear, consistent, and adequate guidance and instructions. For example, conference cost data did not contain sufficient supporting documentation, and were unreliable, unverifiable, and provided little assurance that all conferences and related costs were tracked and accounted for properly. In addition, the department needs to coordinate across components to minimize the duplication of conference-sponsoring efforts. The report made 12 recommendations to assist the Directorate for Management in improving oversight and reporting of conference planning activities. The department concurred with all 12 recommendations.

(OIG-10-19, November 2009, ISP)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_10-19_Nov09.pdf

Survey of the Number, Qualifications, and Training of DHS Personnel Responsible for Administering Recovery Act Contracts and Grants

At the request of the Recovery Accountability and Transparency Board, we surveyed the six DHS components that administer funds provided through the *American Recovery and Reinvestment Act of 2009*. The board designed the survey to measure the capability of the federal government's acquisition and grant workforce to administer Recovery Act funds. Of the six components, TSA and FEMA, which administer 58% of the department's Recovery Act funds, reported that they do not have enough staff to adequately award and/or monitor the funds. As a result, they forecasted decreased oversight of both Recovery Act and non-Recovery Act agreements. Regarding staff qualifications, all components said that their acquisition and grant staff would, for the most part, meet certification and training requirements. This report was for information purposes only and did not contain any recommendations. However, we noted that DHS was taking actions to upgrade its acquisition and grant staff in response to other reviews.

(OIG-10-21, December 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_10-21_Dec09.pdf

DHS Controls Over Firearms

DHS, through its components, did not adequately safeguard and control its firearms. Components reported 289 firearms as lost during FYs 2006 through 2008. Although some reported losses were beyond the officers' control, most losses occurred because officers did not properly secure firearms. The department did not have a specific firearm policy and instead relied on the components to establish specific policies and procedures for managing, safeguarding, and controlling firearms. While some component policies were sufficient, personnel did not always follow them, and the department did not require that independent third parties perform firearm inventories. Field offices did not always promptly report lost firearms to component headquarters or keep inventory records updated.

We recommended that the department develop department-wide policies and procedures for safeguarding and controlling firearms, assess firearm security equipment needs for each officer assigned a firearm, issue security equipment as needed, and reaffirm to each officer the requirement to always secure firearms properly. The components we reviewed are taking actions to correct the issues we identified.

(OIG-10-41, January 2010, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_10-41_Jan10.pdf

INVESTIGATIONS

Three Subjects Plead Guilty to Possession of Fraudulent DHS Identification Documents

Three individuals pleaded guilty in federal court to Possession of Identification or Insignia of the Department of Homeland Security. A local police department conducted a traffic stop, which revealed that all three subjects were wearing bulletproof vests, gun belts with weapons that appeared real, miscellaneous badges, and other apparel with police insignia. All three subjects also possessed fraudulent DHS identification cards bearing their photograph. The police requested our assistance with the investigation, and we assumed a lead role by bringing the investigation into federal court. We then obtained confessions and federal arrest warrants for the individuals involved.

Subject Convicted of Fraud-Related Activity Involving DHS Identification Documents

An individual was convicted in violation of fraud and related activity in connection with identity documents and seals of departments or agencies following a jury trial in federal court. The testimony we provided as an expert witness pertaining to the fraudulent DHS identity documents confiscated from the subject was instrumental in securing this conviction. We were contacted by the Joint Terrorism Task Force (JTTF), which advised that the subject had connections to a domestic extremist group, impersonated a DHS employee, and produced fraudulent DHS identification during a traffic stop. We responded and assisted the JTTF by providing expert witness information, which was used in the grand jury testimony.

OTHER OFFICE OF INSPECTOR GENERAL ACTIVITIES



OVERSIGHT OF NONDEPARTMENTAL AUDITS

During this period, we did not process any single audit reports issued by other independent public accountant organizations. Single audit reports refer to audits conducted according to the Single Audit Act of 1996, as amended by P.L. 104-136.

SUMMARY OF SIGNIFICANT REPORTS UNRESOLVED OVER 6 MONTHS

Timely resolution of outstanding audit recommendations continues to be a priority for both our office and the department. As of this report date, we are responsible for monitoring 202 reports containing 675 recommendations that have been unresolved for more than 6 months. Management decisions have not been made for significant reports, as follows:

118	FEMA-related financial assistance disaster audits
84	Program management reports
202	Total

During this SAR period, the department made significant efforts to work with our office to reduce the number of open and unimplemented recommendations. In mid-2009, the department formed an Audit Followup Committee to address the significant number of unimplemented recommendations our office had issued. The committee is responsible for taking actions to improve the department’s recommendation followup and resolution process and to swiftly identify, prioritize, and address high-priority unimplemented OIG and Government Accountability Office recommendations. The committee has improved communications with our office concerning open and unimplemented recommendations, implemented a centralized system to capture and track the status of all recommendations across the enterprise, and proactively worked to resolve and implement issued recommendations.

The committee worked to centralize the management and oversight of its recommendation followup and resolution process. To do this, the department worked collaboratively with us to develop a DHS policy directive and procedures addressing how the department and all of its components will work cooperatively with us to follow up on and reach resolution on issued recommendations. The directive and procedures will facilitate DHS’ timely implementation of our recommendations and create a structure for working cooperatively to resolve and close recommendations. This directive will be implemented upon the department’s approval.

The committee also initiated a series of high-level meetings with our senior leadership and representatives from our offices of Audit and Administration to discuss the number and nature of the open and unimplemented recommendations. As a result of those meetings, the department and our office began working together to inventory and report on the status of all open recommendations. As part of this effort, the department and our office implemented electronic systems to capture and track the status of open recommendations and, now, to share the status of recommendations. The department also took a major step forward by using a new enterprise system to centralize and automate the tracking of open OIG recommendations. Specifically, the department began to use the ePMO system to track all open recommendations and allow all levels of DHS management in the various components the capability of improving information sharing on which open recommendations are implemented. On a monthly basis, our office updates the department on the status of all open recommendations and recommendations closed during the month.

As a result of the committee’s latest efforts, we have an initiative underway to prioritize all open recommendations so that DHS can focus its resources on implementing those that are top priorities. As we will continue to work with the department and its committee to improve the recommendation followup process, we anticipate that the efforts described and ongoing initiatives will significantly reduce the number of open and unimplemented recommendations.

LEGISLATIVE AND REGULATORY REVIEWS



Section 4(a) of the *Inspector General Act* requires the Inspector General to review existing and proposed legislation and regulations relating to DHS programs and operations and to make recommendations about their potential impact. Our comments and recommendations focus on the effect of the proposed legislation and regulations on economy and efficiency in administering DHS programs and operations or on the prevention and detection of fraud, waste, and abuse in DHS programs and operations. We also participate on the Council of the Inspectors General on Integrity and Efficiency, which provides a mechanism to comment on existing and proposed legislation and regulations that have government-wide impact.

During this reporting period, we reviewed 99 legislative and regulatory proposals, draft DHS policy directives, and other items. Some of these items are highlighted below.

Draft Substitute Amendment to H.R. 553—Reducing Over-Classification Act of 2009

We reviewed the draft legislation requiring the department to develop a strategy to prevent the over-classification of homeland security information and other information, and promoting the sharing of unclassified homeland security information and other information. H.R. 553 requires Inspectors General (or another “appropriate senior Department official”) to randomly select, on a periodic basis, classified information from each component that generates finished intelligence products; assess whether the classification complied with applicable rules and procedures; and recommend improvements to address identified problems.

We noted differences in the reporting requirement for the Inspectors General in the Senate’s Homeland Security and Governmental Affairs Committee substitute amendment versus that in H.R. 553. While the reporting requirement in H.R. 553 is specific and narrow in scope, we noted that the parallel requirement in the substitute amendment was unclear, overly broad, and would likely place an unreasonable burden on agency Inspectors General.

Delegation #00405, Delegation of Authority to Review and Sign Reports to the Office of Special Counsel

We reviewed the delegation of authority that authorizes department officials to review and sign investigation reports that are completed in response to a requirement under the department’s Office of Special Counsel (OSC). We offered several comments. We indicated that we have independent personnel authority and therefore should have total control over our internal investigations regarding a disclosure made to OSC, and not be subject to the signatory authority of the Under Secretary for the Directorate for Management.

CONGRESSIONAL TESTIMONY AND BRIEFINGS



The Inspector General and senior executives testified before congressional committees seven times. Testimony prepared for these hearings is available on our website at www.dhs.gov/xoig.

We testified on the following issues:

- October 29, 2009–House Subcommittee on Management, Investigations, and Oversight Committee on Homeland Security on financial management challenges facing the department and its components, and the progress made to address these challenges.
- December 15, 2009–Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs on the major management challenges facing DHS.
- February 4, 2010–House Subcommittee on Management, Investigations, and Oversight, Committee on Homeland Security on DHS conference spending practices and oversight.
- March 11, 2010–Senate Ad Hoc Subcommittee on State, Local, and Private Sector Preparedness and Integration, Committee on Homeland Security and Governmental Affairs on New Border War: Corruption of U.S. Officials by Drug Cartels.
- March 18, 2010–House Committee on Oversight and Government Reform, on DHS’ use of Suspension and Debarment Actions for Poorly Performing Contractors.

- March 23, 2010 – Senate Subcommittee on Immigration, Citizenship, Refugees, Border Security and International Law, Committee on the Judiciary on USCIS efforts to transform its business and modernize the IT used to support that business.
- March 25, 2010–House Committee on Homeland Security on visa overstays.

We briefed Members of Congress and their staffs at a steady pace throughout the reporting period. Our office conducted more than 30 briefings for congressional staff on the results of our work, including reviews of (1) Role of the No Fly and Selectee Lists in Securing Commercial Aviation (OIG-09-64), (2) DHS’ Conference Spending Practices and Oversight (OIG 10-19), (3) Security of Air Cargo During Ground Transportation (OIG-10-09), and (4) Major Management Challenges Facing the Department of Homeland Security (OIG-10-16). We attended meetings to discuss other congressional concerns, including our work on emergency management/disaster recovery issues, a briefing regarding the new TSA screening technologies, and a briefing on the Homeland Security Grant Programs.

We also will continue to meet with congressional members and staff to discuss our Annual Performance Plan update for FY 2010 in the spring of 2010. The Annual Performance Plan is the OIG’s “roadmap” for the inspections and audits that it plans to conduct each year to evaluate department programs and operations.

APPENDICES



Appendix 1

Audit Reports With Questioned Costs

Report Category	Number	Questioned Costs	Unsupported Costs
A. Reports pending management decision at the start of the reporting period	163	\$193,625,849	\$41,711,309
B. Reports issued/processed during the reporting period with questioned costs	21	\$25,679,101	\$3,449,416
TOTAL REPORTS (A+B)	184	\$219,304,950	\$45,160,725
C. Reports for which a management decision was made during the reporting period (a)	34	\$28,303,757	\$12,041,489
(1) Disallowed costs	32	\$22,103,283	\$9,471,918
(2) Accepted costs	11	\$6,200,474	\$2,569,571
D. Reports put into appeal status during period	0	\$0	\$0
E. Reports pending a management decision at the end of the reporting period	150	\$191,001,193	\$33,119,236
F. Reports for which no management decision was made within 6 months of issuance	129	\$165,322,092	\$29,669,820

Notes and Explanations:

(a) Report totals in Section C may not always equal the total in lines C (1) and C (2) because some reports contain both allowed and disallowed costs. In addition, resolution may result in values different from the original recommendations.

Management Decision – occurs when DHS management informs us of its intended action in response to a recommendation, and we determine that the proposed action is acceptable.

Accepted Costs – previously questioned costs accepted in a management decision as allowable costs to a government program. Before acceptance, we must agree with the basis for the management decision.

Questioned Costs – auditors questioning costs resulting from alleged violations of provisions of laws, regulations, grants, cooperative agreements, or contracts. A “questioned” cost is a finding which, at the time of the audit, is not supported by adequate documentation or is unreasonable or unallowable. A funding agency is responsible for making management decisions on questioned costs, including an evaluation of the findings and recommendations in an audit report. A management decision against the auditee would transform a questioned cost into a disallowed cost.

Unsupported Costs – costs not supported by adequate documentation.

Appendix 1b

Audit Reports With Funds Put to Better Use

Report Category	Number	Amount
A. Reports pending management decision at the start of the reporting period	22	\$11,587,086
B. Reports issued during the reporting period	6	\$12,530,188
Total Reports (A+B)	28	\$24,117,274
C. Reports for which a management decision was made during the reporting period	3	\$35,471
(1) Value of recommendations agreed to by management	3	\$35,471
(2) Value of recommendations not agreed to by management	0	\$0
D. Reports put into the appeal status during the reporting period	0	\$0
E. Reports pending a management decision at the end of the reporting period.	25	\$24,081,803
F. Reports for which no management decision was made within 6 months of issuance	19	\$11,551,615

Notes and Explanations:

Funds Put to Better Use – auditors can identify ways to improve the efficiency, effectiveness, and economy of programs, resulting in cost savings over the life of the program. Unlike questioned

costs, the auditor recommends methods for making the most efficient use of federal dollars, such as reducing outlays, deobligating funds, or avoiding unnecessary expenditures.

Appendix 2

Compliance – Resolution of Reports and Recommendations

MANAGEMENT DECISION IS PENDING	
9/30/09	
Reports open and unresolved more than 6 months	68
Recommendations open and unresolved more than 6 months	158
3/31/10	
Reports open and unresolved more than 6 months	202
Recommendations open and unresolved more than 6 months	675
CURRENT INVENTORY	
Open reports at the beginning of the period	498
Reports issued this period	96
Reports closed this period	235
Open reports at the end of the period	359
ACTIVE RECOMMENDATIONS	
Open recommendations at the beginning of the period	2,215
Recommendations issued this period	543
Recommendations closed this period	973
Open recommendations at the end of the period ²	1,785

² This represents the total of all resolved and unresolved open recommendations as of March 31, 2010.

Appendix 3

Management Reports Issued

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
1. OIG-10-01	10/09	CBP's Ability to Detect Biological and Chemical Threats in Maritime Cargo Containers (Redacted)	\$0	\$0	\$0
2. OIG-10-02	10/09	FLETC Leases for Dormitories 1 and 3 (Letter Report)	\$0	\$0	\$0
3. OIG-10-03	10/09	FEMA's Progress in All-Hazards Mitigation	\$0	\$0	\$0
4. OIG-10-04	10/09	United States Secret Service After-Action Review of Inaugural Security (Redacted)	\$0	\$0	\$0
5. OIG-10-05	10/09	Review of the U.S. Customs and Border Protection's Expenditure Plan for the American Recovery and Reinvestment Act of 2009	\$0	\$0	\$0
6. OIG-10-06	10/09	Review of U.S. Coast Guard's Expenditure Plan for the American Recovery and Reinvestment Act of 2009 (Redacted)	\$0	\$0	\$0
7. OIG-10-07	10/09	Review of United States Coast Guard's Certification of Maritime Awareness Global Network (MAGNET) (Unclassified Summary)	\$0	\$0	\$0
8. OIG-10-08	10/09	Process Used by the Department of Homeland Security to Monitor Reporting by Recipients of American Recovery and Reinvestment Act of 2009 Funds	\$0	\$0	\$0
9. OIG-10-09	11/09	Security of Air Cargo During Ground Transportation (Redacted)	\$0	\$0	\$0
10. OIG-10-10	11/09	DHS Contracts With Low Wage Payments (Letter Report)	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
11. OIG-10-11	11/09	Independent Auditor's Report on DHS' FY 2009 Financial Statements and Internal Control Over Financial Reporting	\$0	\$0	\$0
12. OIG-10-12	11/09	Age Determination Practices for Unaccompanied Alien Children in ICE Custody	\$0	\$0	\$0
13. OIG-10-13	11/09	Immigration and Customs Enforcement Policies and Procedures Related to Detainee Transfers (Letter Report)	\$0	\$0	\$0
14. OIG-10-14	11/09	Management of the Transportation Security Administration's Logistics Center	\$0	\$0	\$0
15. OIG-10-15	11/09	Information Sharing at the National Operations Center (Redacted)	\$0	\$0	\$0
16. OIG-10-16	11/09	Major Management Challenges Facing the Department of Homeland Security	\$0	\$0	\$0
17. OIG-10-17	11/09	Annual Review of the United States Coast Guard's Mission Performance (FY 2008)	\$0	\$0	\$0
18. OIG-10-18	11/09	Independent Auditor's Report on DHS' FY 2009 Special-Purpose Financial Statements	\$0	\$0	\$0
19. OIG-10-19	11/09	DHS Conference Spending Practices and Oversight	\$0	\$0	\$0
20. OIG-10-20	11/09	The State of West Virginia's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2005 through 2007	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
21. OIG-10-21	12/09	Survey of the Number, Qualifications, and Training of DHS Personnel Responsible for Administering Recovery Act Contracts and Grants	\$0	\$0	\$0
22. OIG-10-22	12/09	Release of the U.S. Immigration and Customs Enforcement's Worksite Enforcement Strategy (Letter Report)	\$0	\$0	\$0
23. OIG-10-23	12/09	The U.S. Immigration and Customs Enforcement Process for Authorizing Medical Care for Immigration Detainees	\$0	\$0	\$0
24. OIG-10-24	12/09	FEMA Temporary Housing Property Management Controls	\$0	\$0	\$0
25. OIG-10-25	12/09	Review of Transportation Security Administration's Expenditure Plan: Explosives Detection Systems and Equipment	\$0	\$0	\$0
26. OIG-10-26	12/09	Assessment of FEMA's Public Assistance Program Policies and Procedures	\$0	\$0	\$0
27. OIG-10-27	12/09	Review of Selected Personnel Practices at FEMA's Maryland National Processing Service Center	\$0	\$0	\$0
28. OIG-10-28	12/09	Gulf Coast Recovery: FEMA's Management of the Hazard Mitigation Component of the Public Assistance Program	\$3,557,749	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
29. OIG-10-29	12/09	The State of South Carolina's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2005 through 2007	\$0	\$0	\$0
30. OIG-10-30	12/09	Improvements Necessary in DHS' Security Program and Practices for Its Intelligence Systems (Unclassified Summary)	\$0	\$0	\$0
31. OIG-10-31	12/09	Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2009	\$0	\$0	\$0
32. OIG-10-32	1/10	Management Advisory Report: FEMA's IMAT Program	\$0	\$0	\$0
33. OIG-10-33	1/10	The State of Missouri's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2005 through 2007	\$0	\$0	\$0
34. OIG-10-34	1/10	Cargo Targeting and Examinations	\$0	\$0	\$0
35. OIG-10-35	1/10	Federal Emergency Management Agency Working Capital Fund FY 2009 (Unclassified Summary)	\$0	\$0	\$0
36. OIG-10-36	1/10	Immigration and Customs Enforcement Management Controls Over Detainee Telephone Services	\$0	\$0	\$0
37. OIG-10-37	1/10	TSA's Breach of Sensitive Security Information (Redacted)	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
38. OIG-10-38	1/10	Management and Oversight of Immigration and Customs Enforcement Office of International Affairs Internal Controls for Acquisitions and Employee Integrity Processes	\$0	\$0	\$0
39. OIG-10-39	1/10	U.S. Citizenship and Immigration Services' Implementation of the Kendell Frederick Citizenship Assistance Act	\$0	\$0	\$0
40. OIG-10-40	1/10	Resource and Security Issues Hinder DHS' Implementation of Homeland Security Presidential Directive 12	\$0	\$0	\$0
41. OIG-10-41	1/10	DHS Controls Over Firearms	\$0	\$0	\$0
42. OIG-10-42	1/10	Department of Homeland Security's Acquisition Data Management Systems	\$0	\$0	\$0
43. OIG-10-43	1/10	Independent Review of the U.S. Customs and Border Protection's Reporting of FY 2009 Drug Control Obligations	\$0	\$0	\$0
44. OIG-10-44	1/10	Independent Review of the U.S. Customs and Border Protection's Reporting of FY 2009 Drug Control Performance Summary Report	\$0	\$0	\$0
45. OIG-10-45	1/10	Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2009 Drug Control Performance Summary Report	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
46. OIG-10-46	1/10	Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2009 Drug Control Obligations	\$0	\$0	\$0
47. OIG-10-47	1/10	Independent Review of U.S. Coast Guard's Reporting of FY 2009 Drug Control Performance Summary Report	\$0	\$0	\$0
48. OIG-10-48	1/10	Independent Review of the U.S. Coast Guard's Reporting of FY 2009 Drug Control Obligations	\$0	\$0	\$0
49. OIG-10-49	1/10	Opportunities to Improve FEMA's Disaster Closeout Process	\$0	\$0	\$0
50. OIG-10-50	2/10	DHS' Use of Suspension and Debarment Actions for Poorly Performing Contractors	\$0	\$0	\$0
51. OIG-10-51	2/10	Independent Auditors' Report on U.S. Custom and Border Protection's FY 2009 Financial Statements	\$0	\$0	\$0
52. OIG-10-52	2/10	CBP's Container Security Initiative Has Proactive Management and Oversight, But Future Direction Is Uncertain (Letter Report)	\$0	\$0	\$0
53. OIG-10-53	2/10	Improvements Needed in FEMA's Disaster Contract Management	\$0	\$0	\$0
54. OIG-10-54	2/10	CBP Faces Challenges in Achieving Its Goals for Small Business Participation in Secure Border Initiative Network	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
55. OIG-10-55	2/10	DHS Contracts Awarded Through Other Than Full and Open Competition During Fiscal Year 2009	\$0	\$0	\$0
56. OIG-10-56	2/10	Review of Management Agreements Developed for DHS' Primary Data Center (Letter Report)	\$0	\$0	\$0
57. OIG-10-57	2/10	Review of the U.S. Department of Homeland Security's Recovery Act Plan (Letter Report)	\$0	\$0	\$0
58. OIG-10-58	2/10	DHS' Progress in Federal Incident Management Planning (Redacted)	\$0	\$0	\$0
59. OIG-10-59	2/10	Independent Auditors' Report on U.S. Citizenship and Immigration Services' FY 2009 Consolidated Balance Sheet	\$0	\$0	\$0
60. OIG-10-60	2/10	Management Letter for the FY 2009 DHS Financial Statement and Internal Control Over Financial Reporting Audit	\$0	\$0	\$0
61. OIG-10-61	3/10	Management Letter for U.S. Customs and Border Protection's FY 2009 Consolidated Financial Statements	\$0	\$0	\$0
62. OIG-10-62	3/10	Management Letter for U.S. Citizenship and Immigration Services' FY 2009 Consolidated Balance Sheet	\$0	\$0	\$0
63. OIG-10-63	3/10	The Performance of 287 (g) Agreements	\$0	\$0	\$0
64. OIG-10-64	3/10	National Flood Insurance Program Management Letter for DHS' FY 2009 Financial Statement Audit	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
65. OIG-10-65	3/10	Independent Auditors' Report on the Federal Law Enforcement Training Center's FY 2009 Consolidated Financial Statements	\$0	\$0	\$0
66. OIG-10-66	3/10	Federal Emergency Management Agency's Capabilities To Oversee American Recovery and Reinvestment Act of 2009 Grant Programs	\$0	\$0	\$0
67. OIG-10-67	3/10	Management Letter for U.S. Immigration and Customs Enforcement's FY 2009 Consolidated Balance Sheet	\$0	\$0	\$0
68. OIG-10-68	3/10	TSA's Preparedness for Mass Transit and Passenger Rail Emergencies	\$0	\$0	\$0
69. OIG-10-69	3/10	Efficacy of DHS Grant Programs	\$0	\$0	\$0
70. OIG-10-70	3/10	Independent Auditors' Report on U.S. Immigration and Customs Enforcement's FY 2009 Consolidated Balance Sheet	\$0	\$0	\$0
71. OIG-10-71	3/10	DHS Contracts Awarded Through Other Than Full and Open Competition During Fiscal Year 2009	\$0	\$0	\$0
72. OIG-10-72	3/10	Transportation Security Administration's Acquisition of Support Services Contracts	\$0	\$0	\$0
73. OIG-10-73	3/10	Management Letter for the Federal Law Enforcement Training Center's FY 2009 Consolidated Financial Statements	\$0	\$0	\$0
74. OIG-10-74	3/10	Management Advisory Report: Permanent Housing Construction on American Samoa	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
75. OIG-10-75	3/10	Evaluation of Newly Deployed and Enhanced Technology and Practices at the Passenger-Screening Checkpoint (Unclassified Summary)	\$0	\$0	\$0
76. OIG-10-76	3/10	Improvement Needed in FEMA's Management of the National Flood Insurance Program's Information Technology Transition	\$0	\$0	\$0
Total, Appendix 3			\$3,557,749	\$0	\$0

Notes and Explanations:

Report Number Acronyms:

OIG – Management report

Appendix 4

Financial Assistance Audit Reports Issued

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
1. DA-10-01	10/09	Florida Department of Juvenile Justice	\$1,873,467	\$0	\$0
2. DA-10-02	11/09	City of Memphis, Tennessee	\$1,499,627	\$293,692	\$0
3. DA-10-03	12/09	City of Biloxi, Mississippi	\$714,783	\$0	\$0
4. DA-10-04	1/10	City of Moss Point, Mississippi	\$163,896	\$117,343	\$30,880
5. DA-10-05	2/10	Municipality of Utuado, Puerto Rico	\$134,674	\$0	\$0
6. DA-10-06	2/10	Commonwealth of Massachusetts Highway Department	\$254,216	\$254,216	\$0
7. DA-10-07	2/10	South Carolina Public Service Authority	\$160,368	\$0	\$0
8. DA-10-08	2/10	Mississippi Emergency Management Agency	\$8,060,445	\$0	\$10,470,473
9. DA-10-09	3/10	Miami-Dade County Department of Parks and Recreation	\$1,876,075	\$881,786	\$0
10. DD-10-01	11/09	Pioneer Electric Cooperative, Inc., Ulysses, Kansas	\$293,780	\$0	\$0
11. DD-10-02	11/09	Ernest N. Morial Exhibition Hall Authority	\$900,062	\$0	\$0
12. DD-10-03	1/10	City of Albuquerque, New Mexico	\$1,131,278	\$583,089	\$0
13. DD-10-04	1/10	City of Springfield, Illinois	\$2,265,473	\$608,442	\$0
14. DD-10-05	2/10	Roman Catholic Archdiocese of New Orleans, Bidding Process	\$0	\$0	\$0

Appendix 4

Financial Assistance Audit Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
15. DD-10-06	3/10	Town of Vinton, Louisiana	\$308,263	\$0	\$184,409
16. DS-10-01	1/10	County of Santa Cruz, California	\$66,520	\$0	\$545,111
17. DS-10-02	1/10	Nevada Division of Forestry	\$1,214,910	\$41,141	\$0
18. DS-10-03	2/10	City of Los Angeles, Department of Public Works	\$1,092,099	\$669,107	\$1,299,315
19. DS-10-04	2/10	Chugach Electric Association, Inc.	\$97,059	\$0	\$0
20. DS-10-05	2/10	Rubidoux Community Services District	\$14,357	\$600	\$0
		Total, Appendix 4	\$22,121,352	\$3,449,416	\$12,530,188

Report Number Acronyms:

DA Financial Assistance Disaster Audit, Atlanta Office
 DD Financial Assistance Disaster Audit, Dallas Office
 DS Financial Assistance Disaster Audit, Oakland Office

Appendix 5

Schedule of Amounts Due and Recovered

Report Number	Date Issued	Auditee	Amount Due	Recovered Costs
1. DA-01-03	4/03	Cobb Electric Membership Corporation, Marietta, Georgia	\$174,430	\$174,430
2. DA-03-03	4/03	Houston County, Georgia	\$22,574	\$22,574
3. DA-04-03	4/03	North Carolina State University, Raleigh, North Carolina	\$4,179	\$4,179
4. DD-02-03	4/03	Audit of the State of Missouri Administration of Disaster Assistance Funds	\$53,942	\$28,173
5. DD-06-03	4/03	Audit of the State of South Dakota Administration of Disaster Assistance Funds	\$300,903	\$300,903
6. DD-08-03	6/03	City of Moore, Oklahoma	\$28,879	\$28,879
7. DO-02-03	4/03	Performance Audit Report: Management of FEMA Disaster Grants Awarded Under the Stafford Act State of Alaska, Department of Military and Veteran Affairs, Division of Emergency Services	\$142,170	\$142,170
8. DO-08-03	5/03	Victor Valley Wastewater Reclamation Authority, Victorville, California	\$269,142	\$159,780
9. DO-12-03	6/03	Los Angeles County Department of Public Works, Alhambra, California	\$75,189	\$75,189
10. DA-12-04	2/04	South Carolina Department of Transportation	\$12,845	\$17,138
11. DA-01-04	10/03	Piedmont Electric Membership Corporation	\$8,385	\$8,385
12. DA-07-04	12/03	North Carolina National Guard, Raleigh, North Carolina	\$58,884	\$65,427
13. DD-07-04	12/03	Illinois Department of Transportation	\$59,166	\$59,166
14. DD-08-04	3/04	Audit of the City of Overland Park, Kansas	\$7,023	\$7,023
15. DD-10-04	7/04	Grant Management: Wyoming's Compliance With Disaster Assistance Program's Requirements	\$9,449	\$9,449
16. DD-15-04	8/04	City of St. Peter, Minnesota	\$1,524,250	\$21,200
17. DA-10-05	2/05	Audit of the State of Rhode Island Administration of Disaster Assistance Funds	\$30,905	\$30,905
18. DA-23-05	8/05	City of Portsmouth, Virginia	\$34,864	\$34,864
19. DA-24-05	8/05	City of Clarksville, Tennessee	\$22,947	\$22,947
20. DD-03-05	2/05	Grant Management: Louisiana's Compliance With Disaster Assistance Program's Requirements	\$183,029	\$183,029
21. DD-09-05	9/05	Western Farmers Electric Cooperative, Anadarko, Oklahoma	\$241,966	\$245,901
22. DA-07-03	11/06	Virgin Islands Water and Power Authority, FEMA Disaster No. 1067-DR-VI	\$9,621	\$9,621
23. OIG-07-31	2/07	Special Transient Accommodations Program for the Evacuees From Hurricanes Katrina and Rita	\$3,399,654	\$3,399,654

Appendix 5

Schedule of Amounts Due and Recovered (continued)

Report Number	Date Issued	Auditee	Amount Due	Recovered Costs
24. DA-08-02	11/07	Audit of Hurricane Katrina Activities, City of Pascagoula, Mississippi	\$43,751	\$11,459
25. DA-08-08	7/08	Audit of Hurricane Katrina Activities for City of Waveland, Mississippi	\$891,519	\$891,519
26. DD-08-02	9/08	Lafayette Parish Sheltering and Emergency Protective Measures	\$3,448,987	\$2,386,987
27. DA-09-05	12/08	Hurricane Katrina Activities for Jasper County, Mississippi	\$512,843	\$392,073
28. DA-09-12	3/09	Hurricane Katrina Activities for Pearl River Valley Electric Power Association	\$386,022	\$376,800
29. DD-09-02	12/08	Hurricane Katrina Debris Removal in East Baton Rouge Parish, Louisiana	\$157,371	\$157,371
30. DD-09-07	3/09	Central Electric Cooperative, Inc.	\$143,646	\$498
31. DD-09-09	5/09	Downtown Development District, New Orleans, Louisiana	\$149,020	\$149,020
32. DD-09-12	6/09	Kiamichi Electric Cooperative	\$305,143	\$228,857
33. DS-09-01	11/08	Audit of Trico Electric Cooperative	\$21,071	\$21,071
34. DS-09-02	3/09	East Bay Regional Park District	\$757,119	\$516,153
35. DS-09-10	8/09	City of Laguna Beach, California	\$1,032,171	\$774,129
36. INV	10/09 through 3/10	Recoveries as a result of investigations	\$429,649	\$429,649
		Total, Appendix 5	\$14,952,708	\$11,386,572

Report Number Acronyms:

DA	Financial Assistance Disaster Audit, Atlanta Office
DD	Financial Assistance Disaster Audit, Dallas Office
DS	Financial Assistance Disaster Audit, Oakland Office
INV	Recoveries, other than administrative cost savings, which resulted from investigative efforts

Appendix 6³

Contract Audit Reports

Report Category	Questioned Costs	Unsupported Costs	Disallowed Costs
We processed no contract audit reports meeting the criteria of the <i>National Defense Authorization Act</i> during the reporting period October 1, 2009–March 31, 2010	N/A	N/A	N/A

³ The *National Defense Authorization Act for FY 2008* requires that we list all contract audit reports issued during the reporting period containing significant audit findings; briefly describe the significant audit findings in the report; and specify the amounts of costs identified in the report as unsupported, questioned, or disallowed. This act defines significant audit findings as unsupported, questioned, or disallowed costs in excess of \$10,000,000, or other findings that the Inspector General determines to be significant. It defines contracts as a contract, an order placed under a task or delivery order contract, or a subcontract.

Appendix 7

Acronyms

ADIT	Alien Documentation Identification and Telecommunication
BPA	Border Patrol Agent
CalEMA	California Emergency Management Agency
CBP	United States Customs and Border Protection
CBPO	Customs and Border Protection Officer
CEA	Chugach Electric Association
CPR	cardiopulmonary resuscitation
CSI	Container Security Initiative
DCA	Department of Community Affairs
DEA	Drug Enforcement Administration
DHS	Department of Homeland Security
DO	Deportation Officer
DRO	Detention and Removal Operations
EMO	Office of Emergency Management Oversight
FBI	Federal Bureau of Investigation
FCO	Federal Coordinating Officer
FEMA	Federal Emergency Management Agency
FISMA	Federal Information Security Management Act
FLETC	Federal Law Enforcement Training Center
HMGP	Hazard Mitigation Grant Program
HSPD-12	Homeland Security Presidential Directive 12
HUD	Housing and Urban Development
ICE	United States Immigration and Customs Enforcement
IEA	Immigration and Enforcement Agent
IIO	Immigration Information Officer
IMAT	Incident Management Assistance Teams
INS	Immigration and Naturalization Service
ISP	Office of Inspections
IT	information technology
IT-A	Office of Information Technology–Audits
JFO	Joint Field Offices
JTTF	Joint Terrorism Task Force
MAGNET	Maritime Awareness Global Network
MEMA	Mississippi Emergency Management Agency

Appendix 7

Acronyms (continued)

NFIP	National Flood Insurance Program
NOC	Network Operation Center
OA	Office of Audits
OCIO	Office of the Chief Information Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
ONDCP	Office of National Drug Control Policy
OPS	Office of Operations Coordination and Planning
OSC	Office of Special Counsel
PA	Public Assistance
PEC	Pioneer Electric Cooperative
POA&M	Plan of Action and Milestones
SA	Special Agent
SBA	Small Business Administration
SBI_{net}	Secure Border Initiative Network
TSA	Transportation Security Administration
TSO	Transportation Security Officer
USCG	United States Coast Guard
USCIS	United States Citizenship and Immigration Services
USSS	United States Secret Service

Appendix 8

OIG Headquarters/Field Office Contacts and Locations

Department of Homeland Security

Attn: Office of Inspector General
245 Murray Drive, SW, Bldg. 410
Washington, DC 20528

Telephone Number (202) 254-4100
Fax Number (202) 254-4285
Website Address <http://www.dhs.gov/voig/>

OIG Headquarters Senior Management Team

Richard L. Skinner	Inspector General
James L. Taylor	Deputy Inspector General
Matt Jadacki	Deputy Inspector General/Office of Emergency Management Oversight
Richard N. Reback	Counsel to the Inspector General
Anne L. Richards	Assistant Inspector General/Audits
Thomas M. Frost	Assistant Inspector General/Investigations
Carlton I. Mann	Assistant Inspector General/Inspections
Frank Deffer	Assistant Inspector General/Information Technology Audits
Charles K. Edwards	Assistant Inspector General/Administration
Marta Metelko	Director, Congressional and Media Affairs
Denise S. Johnson	Executive Assistant to the Inspector General

Appendix 8

OIG Headquarters/Field Office Contacts and Locations (continued)

Locations of Audit Field Offices

Boston, MA

Boston, MA 02222
(617) 565-8700 / Fax (617) 565-8996

Houston, TX

Houston, TX 77027
(713) 212-4350 / Fax (713) 212-4361

Chicago, IL

Chicago, IL 60603
(312) 886-6300 / Fax (312) 886-6308

Miami, FL

Miramar, FL 33027
(954) 538-7840 / Fax (954) 602-1034

Denver, CO

Denver, CO 80225
(303) 236-2878 / Fax (303) 236-2880

Philadelphia, PA

Marlton, NJ 08053
(856) 596-3810 / Fax (856) 810-3412

Locations of IT Audits Field Office

Seattle, WA

Kirkland, WA 98033
(425) 250-1363

Locations of Emergency Management Oversight Office Field Offices

Atlanta, GA

Atlanta, GA 30309
(404) 832-6700 / Fax (404) 832-6645

New Orleans, LA

New Orleans, LA 70123
(504) 739-3888 / Fax (504) 739-3902

Biloxi, MS

Biloxi, MS 39531
(228) 385-1713 / Fax (228) 385-1714

Oakland, CA

Oakland, CA 94612
(510) 637-4311 / Fax (510) 637-1484

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Frisco, TX 75034
(214) 436-5200 / Fax (214) 436-5201

San Juan, PR

San Juan, PR 00918
(787) 294-2500 / Fax (787) 771-3617

Appendix 8

OIG Headquarters/Field Office Contacts and Locations (continued)

Locations of Investigative Field Offices

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Atlanta, GA 30309
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Fax: (404) 832-6646

Baton Rouge, LA

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(225) 334-4900
Fax: (225) 578-4982

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Bellingham, WA 98226
(360) 527-4400
Fax: (360) 671-0576

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Fax: (228) 385-9220

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Fax: (617) 565-8995

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Fax: (716) 551-4238

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Fax: (312) 886-2804

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Frisco, TX 75034
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Fax: (214) 436-5276

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El Segundo, CA 90245
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McAllen, TX

McAllen, TX 78501
(956) 664-8010
Fax: (956) 618-8151

Miami, FL

Miramar, FL 33027
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(251) 415-3278
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San Juan, PR

San Juan, PR 00918
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Fax: (787) 771-3620

Seattle, WA

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Tucson, AZ

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(703) 235-0848
Fax: (703) 235-0854

Yuma, AZ

Yuma, AZ 85365
(928) 314-9640
Fax: (928) 314-9679

Appendix 9

Index to Reporting Requirements

The specific reporting requirements described in the *Inspector General Act of 1978*, as amended, are listed below with a reference to the SAR pages on which they are addressed.

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Write to us at:
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Attention: Office of Investigations Hotline,
245 Murray Drive, SW, Building 410,
Washington, DC 20528.

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