

THIS FILE IS MADE AVAILABLE THROUGH THE DECLASSIFICATION EFFORTS AND RESEARCH OF:

THE BLACK VAULT

THE BLACK VAULT IS THE LARGEST ONLINE FREEDOM OF INFORMATION ACT / GOVERNMENT RECORD CLEARING HOUSE IN THE WORLD. THE RESEARCH EFFORTS HERE ARE RESPONSIBLE FOR THE DECLASSIFICATION OF THOUSANDS OF DOCUMENTS THROUGHOUT THE U.S. GOVERNMENT, AND ALL CAN BE DOWNLOADED BY VISITING:

[HTTP://WWW.BLACKVAULT.COM](http://www.blackvault.com)

YOU ARE ENCOURAGED TO FORWARD THIS DOCUMENT TO YOUR FRIENDS, BUT PLEASE KEEP THIS IDENTIFYING IMAGE AT THE TOP OF THE .PDF SO OTHERS CAN DOWNLOAD MORE!



Department of Homeland Security
OFFICE OF INSPECTOR GENERAL

One DHS United



**SEMIANNUAL
REPORT TO
THE CONGRESS**

April 1, 2009-September 30, 2009

Statistical Highlights of OIG Activities

April 1, 2009, through September 30, 2009

DOLLAR IMPACT

Questioned Costs	\$78,797,619
Funds Put to Better Use	\$5,580,868
Management Agreement That Funds Be:	
Recovered	\$28,486,059
Deobligated	\$1,395,611
Funds Recovered (from audits and investigations)	\$21,670,668
Fines, Restitutions, and Administrative Costs Savings	\$37,821,478

ACTIVITIES

Management Reports Issued	63
Financial Assistance Grant Audit Reports	33
Investigation Reports Issued	415
Investigations Initiated	529
Investigations Closed	489
Open Investigations	1,453
Investigations Referred for Prosecution	105
Investigations Accepted for Prosecution	78
Investigations Declined for Prosecution	33
Arrests	144
Indictments	126
Convictions	136
Personnel Actions	26
Complaints Received (other than Hotline)	4,233
Hotline Complaints Received	2,670
Complaints Referred (to programs or other agencies)	3,568
Complaints Closed	4,799

Office of Inspector General

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



Homeland
Security

October 30, 2009

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 September 30, 2009.

During this reporting period, our office published 63 management reports and 33 financial assistance grant reports. This fiscal year, we issued a record 96 reports. DHS management concurred with 92% of recommendations contained in our management reports. As a result of these efforts, \$78.8 million of questioned costs were identified, of which \$12.2 million was determined to be unsupported. We recovered \$21.7 million as a result of disallowed costs identified from previous audit reports and from investigative efforts. In addition, management agreed to deobligate \$1.4 million in disaster grant assistance, which will result in funds put to better use.

In the investigative area, we issued 415 investigative reports, initiated 529 investigations, and closed 489 investigations. Our investigations resulted in 144 arrests, 126 indictments, 136 convictions, and 26 personnel actions. Additionally, we reported \$37.8 million in collections resulting from fines and restitutions, administrative cost savings, and other recoveries.

In closing, I would like to thank the hardworking and dedicated professionals on my staff. As a result of their efforts and the efforts of DHS staff, together we were able to successfully meet the tremendous challenges that faced our office and DHS during the past 6 months.

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 initiatives in the months ahead.

Sincerely,

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

Richard L. Skinner
Inspector General

Table of Contents

STATISTICAL HIGHLIGHTS OF OFFICE OF INSPECTOR GENERAL ACTIVITIES INSIDE COVER

INSPECTOR GENERAL’S MESSAGE 1

**WORKING RELATIONSHIP PRINCIPLES FOR AGENCIES
AND OFFICES OF INSPECTOR GENERAL 4**

EXECUTIVE SUMMARY 5

DEPARTMENT OF HOMELAND SECURITY PROFILE 6

OFFICE OF INSPECTOR GENERAL PROFILE 7

SUMMARY OF SIGNIFICANT OIG ACTIVITY 10

DIRECTORATE FOR NATIONAL PROTECTION AND PROGRAMS 11

DIRECTORATE FOR SCIENCE AND TECHNOLOGY 11

DIRECTORATE FOR MANAGEMENT 12

FEDERAL EMERGENCY MANAGEMENT AGENCY 16

FEDERAL LAW ENFORCEMENT TRAINING CENTER 31

OFFICE FOR CIVIL RIGHTS AND CIVIL LIBERTIES 31

TRANSPORTATION SECURITY ADMINISTRATION 31

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES 34

UNITED STATES COAST GUARD 35

UNITED STATES CUSTOMS AND BORDER PROTECTION 37

UNITED STATES IMMIGRATION AND CUSTOMS ENFORCEMENT 41

MULTIPLE COMPONENTS 43

OTHER OFFICE OF INSPECTOR GENERAL ACTIVITIES 46

LEGISLATIVE AND REGULATORY REVIEWS 48

CONGRESSIONAL TESTIMONY AND BRIEFINGS 52

APPENDICES 54

APPENDIX 1 AUDIT REPORTS WITH QUESTIONED COSTS 55

APPENDIX 1B AUDIT REPORTS WITH FUNDS PUT TO BETTER USE 56

APPENDIX 2 COMPLIANCE - RESOLUTION OF REPORTS AND RECOMMENDATIONS 57

APPENDIX 3 MANAGEMENT REPORTS ISSUED 58

APPENDIX 4 FINANCIAL ASSISTANCE AUDIT REPORTS ISSUED 70

APPENDIX 5 SCHEDULE OF AMOUNTS DUE AND RECOVERED 74

APPENDIX 6 CONTRACT AUDIT REPORTS 75

APPENDIX 7 ACRONYMS 76

APPENDIX 8 OIG HEADQUARTERS /FIELD OFFICE CONTACTS AND LOCATIONS 78

APPENDIX 9 INDEX TO REPORTING REQUIREMENTS 81

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 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 April 1, 2009, to September 30, 2009. 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 63 management reports (Appendix 3), 33 financial assistance grant reports (Appendix 4), and 415 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.

Also, our audits resulted in questioned costs of \$78,797,619, of which \$12,160,271 (Appendix 1) was not supported by documentation. We recovered \$21,670,668 (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

\$1,395,611 in disaster grant assistance, which will result in funds put to better use. In the investigative area, we initiated 529 investigations and closed 489 investigations. Our investigations resulted in 144 arrests, 126 indictments, 136 convictions, and 26 personnel actions. Additionally, we reported \$37,821,478 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 four occasions during this reporting period. Testimony prepared for these hearings may be accessed through our website at 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), officially 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:

- 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 Health Affairs
- Office of Inspector General
- Office of Intelligence and Analysis
- Office of Operations Coordination
- 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

Office of Inspector General Profile

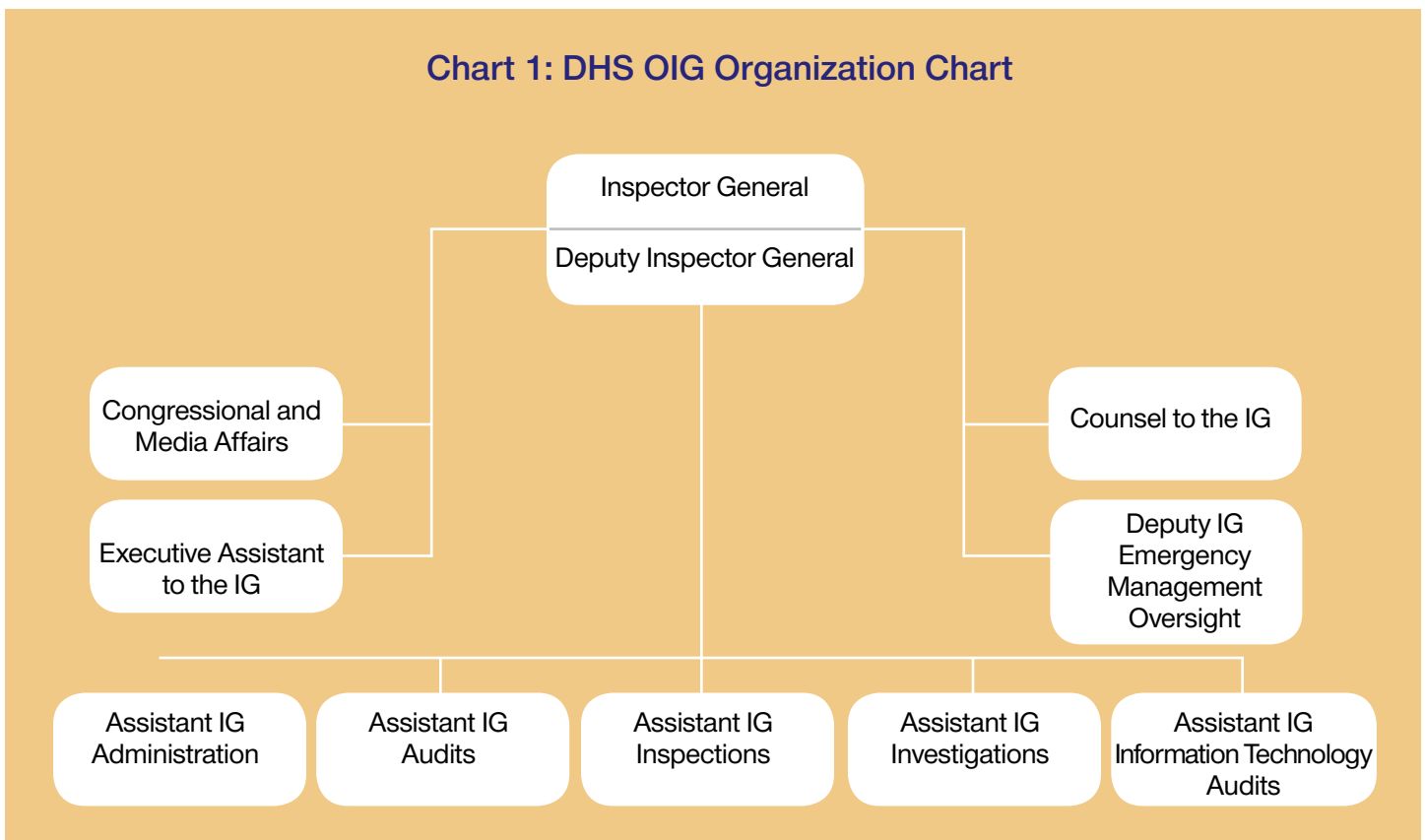
The *Homeland Security Act of 2002* provided for the establishment of an Office of Inspector General (OIG) in DHS by amendment to the *Inspector General Act of 1978* (5 USC App. 3, as amended). By this action, Congress and the administration ensured independent and objective audits, inspections, and 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 671 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 staffs, 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 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. The office is an independent and objective means of keeping the Secretary of DHS, Congress, and other federal disaster relief agencies fully informed on problems and deficiencies relating to disaster operations and assistance programs, and progress regarding corrective actions. OIG 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. In addition, it 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, and inspection 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 Gulf Coast hurricane recovery operations.

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

SUMMARY OF SIGNIFICANT OIG ACTIVITY



DIRECTORATE FOR NATIONAL PROTECTION AND PROGRAMS

MANAGEMENT REPORTS

Efforts to Identify Critical Infrastructure Assets and Systems

Fulfilling a statutory requirement from Section 1001 of the Implementing Recommendations of the 9/11 Commission Act of 2007, we reviewed DHS efforts to identify critical infrastructure. Working with public and private sector partners, DHS identifies the Nation's most critical assets and systems through its annual Prioritized Critical Infrastructure List process. We made 10 recommendations that will enhance efficiency, expand partnerships, and gain more resources to improve the annual identification and collection process. DHS concurred with eight recommendations. (OIG-09-86, June 2009, ISP)
http://www.dhs.gov/xeig/assets/mgmttrpts/OIG_09-86_Jun09.pdf

Challenges Remain in DHS' Efforts to Secure Control Systems

We reviewed the National Cyber Security Division's (NCSD) Control Systems Security Program (CSSP) to determine its effectiveness in improving cybersecurity within the Nation's critical infrastructure and key resources. NCSD implemented its CSSP to coordinate the cybersecurity efforts between the public and private sectors. In coordination with other leading security organizations, NCSD jointly sponsors and participates in cybersecurity training. NCSD also performs vulnerability assessments of operational control systems and vendor equipment to improve their security posture.

While NCSD has made progress, opportunities still exist for improvements to its CSSP. Improvements are needed in information sharing and communication between the public and private sectors, increasing the number of vulnerability assessments performed, and developing performance measures and a formal training program. We recommended that NCSD encourage more information sharing of critical infrastructures' needs, threats, and vulnerabilities between the public and private sectors; increase the number of cybersecurity vulnerability assessments performed; and establish enhanced performance measures to ensure that its mission and goals are attained. (OIG-09-95, August 2009, IT-A)
http://www.dhs.gov/xeig/assets/mgmttrpts/OIG_09-95_Aug09.pdf

DIRECTORATE FOR SCIENCE AND TECHNOLOGY

MANAGEMENT REPORTS

The Science and Technology Directorate's Processes for Funding Research and Development Programs

This report was responsive to two congressional requests, one from the Honorable Tom Davis, then-Chairman of the House Committee on Government Reform, and the other from the then-minority staff of the House Committee on Homeland Security. The requests directed us to review the methodology used by the Science and Technology Directorate to award funding for research and development.

The directorate engaged in competitive and noncompetitive procurements that initially raised concerns of impropriety. We identified what appeared to be misuse of interagency agreements to award project funds to organizations with which staff had professional or personal contacts.

Although these situations did not violate federal ethical rules, we could not determine whether the awards were in the best interest of the government because the rationale for making the awards was not documented. Additionally, some directorate staff members used interagency agreements solely to process procurements faster or more conveniently. We made five recommendations to help the directorate develop procedures to ensure strict compliance with federal statutes and regulations and to award funding to the most deserving performers.

(OIG-09-88, July 2009, ISP)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-88_Jul09.pdf

DIRECTORATE FOR MANAGEMENT

MANAGEMENT REPORTS

Information Technology Management Letter for the FY 2008 DHS Financial Statement Audit (Redacted)

KPMG, under contract to the OIG, evaluated the effectiveness of information technology (IT) general controls of DHS' financial processing environment and related IT infrastructure, and performed technical security testing for key network and system devices, as well as testing key financial application controls. KPMG noted that DHS took corrective action to address many prior years' IT control weaknesses. However, during FY 2008, KPMG continued to find IT general control weaknesses at each component. The most significant weaknesses from a financial statement audit perspective related to entity-wide security, access controls, and service continuity. Collectively, the IT control weaknesses limit DHS' ability to ensure that critical financial and operational data are maintained in a manner that ensures confidentiality, integrity, and availability. In addition, these weaknesses negatively impact the internal controls over DHS' financial reporting and its operation, and collectively represent a material weakness under standards established by the American Institute of Certified Public Accountants.

(OIG-09-50, April 2009, IT-A)

http://www.dhs.gov/woig/assets/mgmttrpts/OIGr_09-50_Apr09.pdf

Management Letter for the Audit of Transportation Security Administration's Consolidated Balance Sheet Audit as of September 30, 2008

KPMG, under a contract with the OIG, issued a qualified opinion on the Transportation Security Administration's (TSA) balance sheet for the year ended September 30, 2008. As part of the audit, KPMG also considered TSA's internal controls over financial reporting and compliance with certain provisions of laws and regulations. KPMG noted certain matters involving internal control and other operational matters that resulted in seven Financial Management Comments. These comments are in addition to the significant deficiencies presented in our Independent Auditors' Report, dated March 6, 2009, included in the FY 2008 TSA Annual Financial Report.

(OIG-09-54, April 2009, OA)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-54_Apr09.pdf

Better Monitoring and Enhanced Technical Controls Are Needed to Effectively Manage LAN A (Redacted)

We evaluated the network operations to determine whether DHS is effectively managing LAN A. Overall, DHS has implemented effective system controls to protect the information stored and processed by the system. However, we determined the department must strengthen the oversight of the operations and maintenance (O&M) contractor, obtain the required deliverables; ensure that only personnel with appropriate contractual responsibility provide direction to the contractor, and address the deficiencies identified in the contractor's performance. In addition, DHS must establish a process to ensure that LAN A accounts are reviewed in accordance with DHS policies and the authorization for privileged LAN A access is documented, reviewed, and approved by appropriate officials. Finally, DHS must develop all required security documents according to applicable

DHS and National Institute of Standards and Technology guidance before LAN A is reaccredited. (OIG-09-55, April 2009, IT-A)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIGr_09-55_Apr09.pdf

Independent Auditors' Report on TSA's FY 2008 Consolidated Balance Sheet as of September 30, 2008

KPMG, under a contract with the OIG, issued a qualified opinion on TSA's balance sheet for the year ended September 30, 2008. TSA was unable to fully support the accuracy and completeness of certain balances presented as general property and equipment and related effects on net position, if any, prior to the completion of TSA's FY 2008 Annual Financial Report. In addition, TSA was unable to fully support the accuracy and completeness of future minimum lease payments. KPMG's report also discusses three material weaknesses, one other significant deficiency in internal control, and instances of noncompliance with two laws and regulations. (OIG-09-57, April 2009, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-57_Apr09.pdf

DHS' Progress in Disaster Recovery Planning for Information Systems

While the department has strengthened its disaster recovery planning, more work is needed. For example, the two new data centers need interconnecting circuits and redundant hardware to establish an active-active processing capability. Not all critical departmental information systems have an alternate processing site. Disaster recovery guidance does not conform fully to government standards. Finally, risk assessments of the data centers are outdated. We also made seven recommendations to improve the department's progress in establishing a disaster recovery program. The department concurred with our recommendations and is already addressing the findings. (OIG-09-60, April 2009, IT-A)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-60_Apr09.pdf

Independent Auditors' Report on FLETC FY 2008 Consolidated Financial Statements

KPMG, under a contract with the OIG, issued an Independent Auditors' Report on FY 2008 Consolidated Financial Statements for the Federal Law Enforcement Training Center (FLETC). KPMG expressed an unqualified opinion on FLETC's consolidated financial statements for FY 2008. The FY 2008 auditor's report discusses three significant deficiencies, two of which are considered material weaknesses, as well as one instance of noncompliance with laws and regulations. FLETC's management concurred with all the findings. (OIG-09-61, April 2009, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-61_Apr09.pdf

The DHS Personnel Security Process

We evaluated the effectiveness and efficiency of DHS personnel security programs. We determined that across the department, personnel security offices perform similar functions. Job applicants who do not submit information promptly, an overwhelming number of customer service requests, database restrictions, and information availability all affect their operations. The Management Directorate has not implemented all necessary steps to improve the personnel security process. Recommendations for the Office of Security included a single personnel security intake function to streamline processes that are currently being duplicated across components and consolidation of component databases to assist in coordination of requests for previous investigation files and application of reciprocity. We also recommended that the Chief Human Capital Office use qualified classifiers for position designations, establish a Position Description Library, and require components to submit annual workforce projections. (OIG-09-65, May 2009, ISP)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-65_May09.pdf

Independent Auditor’s Report on Review of Department of Homeland Security Implementation of OMB Circular No. A-123

KPMG, under contract with the OIG, conducted an audit of the department’s implementation of the Office of Management and Budget (OMB) Circular No. A-123, Management’s Responsibility for Internal Control (the Circular). KPMG noted that DHS was not in full compliance with the Circular, and identified several areas where DHS could enhance its A-123 review process. Specifically, the auditors noted that the monitoring procedures were not clearly documented and were not robust enough to identify control weaknesses that were reported as significant deficiencies by the external auditor. In addition, management did not identify some key controls that may have identified additional control deficiencies or fully document its testing process, including the sampling approach.

(OIG-09-67, May 2009, OA)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-67_May09.pdf

Independent Auditor’s Report on TSA’s FY 2008 Mission Action Plans included in DHS FY 2009 Internal Control Playbook

KPMG, under contract with the OIG, conducted a performance audit of TSA’s FY 2008 Mission Action Plans (MAPs) that are included in the DHS FY 2009 Internal Control Playbook. KPMG noted that TSA did not remediate all prior year findings related to the performance audit. Additionally, the auditors identified areas of the MAPs that need improvement. For example, the Financial Reporting (including Entity-Level Controls) and the Property Management MAPs do not have a clear linkage from the root causes to the actions and milestones, and the Issue Description is limited to a presentation of auditors’ findings.

(OIG-09-68, May 2009, OA)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-68_May09.pdf

Independent Auditor’s Report on Auditability Assessment of the Department of Homeland Security’s Statement of Budgetary Resources

KPMG, under contract with the OIG, identified several weaknesses that have potential to interfere with DHS management’s ability to provide a representation that budgetary accounts, supporting the DHS combined statement of budgetary resources, are fairly stated in accordance with U.S. generally accepted accounting principles. The auditors noted seven findings that were reported in the form of Notices of Findings and Recommendations to DHS component management. These findings affected the United States Coast Guard (USCG), FEMA, and TSA. While varying in the level of severity, all involved internal control deficiencies and insufficient supporting documentation affecting whether the budgetary accounts were fairly stated. No findings were identified at U.S. Citizenship and Immigration Services (USCIS) or U.S. Immigration and Customs Enforcement (ICE).

(OIG-09-72, May 2009, OA)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-72_May09.pdf

Independent Auditor’s Report on USCG’s FY 2008 Mission Action Plans Included in the DHS FY 2009 Internal Control Playbook

KPMG, under contract with the OIG, conducted audit work to address the performance audit objectives related to the DHS MAPs developed to address the internal control deficiencies at USCG. These deficiencies were identified by management and/or reported in the KPMG independent auditors’ report included in the DHS’ FY 2008 Annual Financial Report.

KPMG noted minor findings related to the Identification and Development criteria for Actuarial Pension Liability MAP, and concluded that USCG did not meet all the evaluation criteria. KPMG also reported that USCG did not include one of the conditions identified in the audit finding in the MAP, and did not perform comprehensive root cause analysis for all the conditions identified in the audit.

(OIG-09-73, May 2009, OA)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-73_May09.pdf

Advisory Report: Department of Homeland Security’s Capabilities to Implement the American Recovery and Reinvestment Act of 2009

This report highlights those areas of concern from past audit reports that may affect DHS’ capability to manage its \$2.8 billion in Recovery Act funds in an effective and efficient manner. The department should address the risks of a shortage of trained contracting personnel, such as contracting officers, contracting officer technical representatives, and project managers, as well as a shortage of trained grants management personnel. The department also needs to continue to improve its oversight of the grants it awards to state and local recipients. Finally, the department needs to identify prudent measures to track the Recovery Act funds while simultaneously working to complete its remediation of material weaknesses in its financial management systems and processes.

(OIG-09-74, June 2009, OA)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-74_Jun09.pdf

Independent Auditor’s Report on FEMA’s FY 2008 Mission Action Plans Included in DHS’ FY 2009 Internal Control Playbook

KPMG, under contract with the OIG, conducted a performance audit of FEMA’s FY 2008 MAPs that are included in the DHS FY 2009 Internal Control Playbook. The MAPs were developed to address the internal control deficiencies related to (1) entity-level controls, (2) financial reporting, (3) budgetary accounting, and (4) property management.

KPMG provided a number of recommendations, including that FEMA form the Internal Control Board of senior executives and establish the board’s charter. KPMG also recommended that FEMA improve the Financial Reporting MAP to include more detailed, specific, and measurable action steps and link the milestones to root causes.

(OIG-09-76, June 2009, OA)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09_76_June09.pdf

Vulnerabilities Highlight the Need for More Effective Web Security Management (Redacted)

We evaluated nine of DHS’ most frequently visited public-facing websites to determine whether DHS has implemented effective security controls and practices. Overall, DHS components have followed department policy when configuring operating systems supporting their websites. However, patch management practices and periodic security assessments were not consistently being performed, resulting in numerous critical system vulnerabilities. In addition, DHS can make improvements in managing its system inventory and providing technical oversight and guidance in order to evaluate the security threats to its public-facing websites. We recommended that DHS require periodic vulnerability assessments, promptly apply security patches, and clarify its policy regarding the department’s public-facing websites.

(OIG-09-101, September 2009, IT-A)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-101_Sep09.pdf

Review of Department of Homeland Security’s Expenditure Plan: Department Headquarters Consolidation

We reviewed the DHS expenditure plan to spend Recovery Act funds in the amount of \$200 million toward the consolidation of the department’s headquarters at the St. Elizabeth’s site. The department generally developed a practical and comprehensive plan. However, the department and the General Services Administration do not have a formal interagency agreement to ensure oversight of the Recovery Act funds. In addition, potential issues related to future funding, access, and litigation could delay implementation. We recommended that the department and General Services Administration develop an interagency agreement that defines the roles and responsibilities of both agencies for project oversight, reporting, and tracking of Recovery Act funds. The department concurred with our recommendation.

(OIG-09-106, September 2009, OA)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-106_Sep09.pdf

Evaluation of DHS' Information Security Program for FY 2009

While DHS continues to improve and strengthen its security program, components are still not executing all of the department's policies, procedures, and practices; and have not maintained their information security programs at the department's targeted performance level. In addition, systems are being accredited although key information is missing, plans of action and milestones are not being created for all known information security weaknesses and are not being mitigated in a timely manner, and DHS baseline security configurations are not being implemented for all systems. Additional information security program areas that need improvement include configuration management, incident detection and analysis, specialized training, and privacy. (OIG-09-109, September 2009, IT-A)
http://www.dhs.gov/woig/assets/mgmttrpts/OIGr_09-109_Sep09.pdf

FEDERAL EMERGENCY MANAGEMENT AGENCY

MANAGEMENT REPORTS

Compendium of Disaster Assistance Programs

The DHS OIG, through the Council of Inspectors General on Integrity and Efficiency, coordinated and developed an inventory of federal programs that provide disaster assistance to individuals, states, localities, nonprofit organizations, and businesses impacted by a disaster.

We identified 240 disaster assistance programs that are administered by 22 agencies or departments. This inventory of programs provides information for Inspectors General to use as a means of becoming knowledgeable of the programs available for assistance during a disaster. It can be used as a tool for awareness of similar programs available in other federal agencies. (OIG-09-49, April 2009, EMO)
http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-49_Apr09.pdf

DHS Efforts to Address Lessons Learned in the Aftermath of Top Officials Exercises

The Top Officials exercises test how key government officials respond to simulated terrorist attacks. We examined DHS' process to determine, formulate, and address lessons learned and corrective needs identified during Top Officials exercises. FEMA instituted a federal interagency corrective action program in 2007 to address corrective action implementation and validation after Top Officials exercises. We determined that the corrective action process has not been fully implemented. We recommended that DHS seek assistance from high-level agency and interagency committees, and amend national exercise program guidance as needed to (1) fully implement the Corrective Action Program, (2) increase the level of participation by top officials in all phases of the exercise, and (3) disseminate After Action Reports, best practices, and lessons learned to a broad national audience. (OIG-09-53, April 2009, ISP)
http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-53_Apr09.pdf

Challenges Facing FEMA's Disaster Contract Management

FEMA's Acquisition Management Division could improve its management of disaster contracts by (1) improving its file management system, (2) more completely and consistently documenting the contract-related actions taken by acquisition officials and contract-monitoring personnel over the life of each contract, and (3) institutionalizing periodic supervisory reviews of contract files at headquarters and in FEMA regions. These activities are especially important at FEMA due to staff turnover in the Acquisition Management Division and rotation of contracting officers at Joint Field Offices. Our recommendations included the establishment of an electronic file management system, issuance of guidance reinforcing the requirement to document the history of each contract, and development of standard operating procedures for the timely transitioning and closing of files. (OIG-09-70, May 2009, EMO)
http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-70_May09.pdf



Before and after photographs of FEMA contract file room after organization project. Source: FEMA

FEMA Policy Relating to Coastal Velocity Zones

Ambiguities in FEMA's Coastal Velocity Zones (V Zones) policy led FEMA staff to approve and obligate funds for ineligible projects. The Code of Federal Regulations establishes FEMA policies, procedures, and floodplain management responsibilities in implementing Executive Order 11988, Floodplain Management. It describes an eight-step decision-making process that FEMA staff followed to approve and obligate funding for 34 public assistance projects located in V Zones in Louisiana from March 2006 through August 2008. During this period, FEMA staff also approved two Hazard Mitigation Grant Program projects involving 1,273 residential properties, of which 198 have been funded in V Zones in Louisiana. FEMA staff followed the eight-step process to determine project eligibility, and it was not until the latter part of 2008 that they realized these approvals violated FEMA regulations. Our recommendations included clarifying FEMA's policy regarding federal assistance for recovery projects located in V Zones,

harmonizing its V Zones policy with that of other federal departments and agencies charged with implementing Executive Order 11988, and updating its floodplain management training accordingly. (OIG-09-71, May 2009, EMO)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-71_May09.pdf

FEMA's Acquisition of Two Warehouses to Support Hurricane Katrina Response Operations

In the summer of 2006, FEMA spent more than \$7 million to build two large warehouse-type structures on leased properties in Selma, Alabama, and Cumberland, Maryland. FEMA did not have authority to construct these buildings and, as a result, violated federal laws. Furthermore, FEMA paid for the projects with restricted-use funds that must be returned to the U.S. Treasury.

FEMA disregarded acquisition regulations, used ambiguous and misleading project justifications, and used accounting codes that did not clearly match the expenditures. Since both contracts were awarded approximately 1 year after Hurricane Katrina struck, there was no urgent or compelling reason to relax established policies or regulations.

We recommended that FEMA determine whether the acquisition of the two warehouses constituted a legal violation that requires reporting to Congress; develop and implement a management review process, including policy and procedures for major purchases; return restricted-use funds to the U.S. Treasury; develop and implement procedures to ensure that restricted-use fund guidelines are followed; determine an appropriate disposition of the buildings; and record the two buildings in agency financial reports. (OIG-09-77, June 2009, EMO)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-77_Jun09.pdf

FEMA's Response to Hurricane Ike

In response to Hurricane Ike, we deployed a team to review FEMA's disaster response activities. We reviewed FEMA's response activities from September until early December 2008. FEMA's

response following Hurricane Ike was well organized and responsive to the needs of disaster victims. However, in some instances, decisions were made outside of the National Response Framework (NRF) command and control structure. As a result, water and ice purchases far exceeded local requirements, base camp capacity exceeded demand, and Disaster Recovery Centers remained open longer than warranted. FEMA could have reduced response costs by as much as \$18 million by consistently applying NRF principles.

To improve response in future disasters, we recommended that FEMA reinforce the key principles of the NRF and strengthen the authority of regional and Joint Field Office managers to manage disasters at the lowest possible level. (OIG-09-78, June 2009, EMO)
http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-78_Jun09.pdf

FEMA Response to Formaldehyde in Trailers (Redacted)

Following Hurricanes Katrina and Rita, FEMA moved emergency housing units into the Gulf Coast states to help individuals and families move from shelters into trailers. In early 2006, reports first emerged regarding the issue of formaldehyde in the trailers. We examined FEMA's responses over 2 years to the developing formaldehyde problems.

We concluded that FEMA officials did not take prompt and effective action to determine the extent and nature of formaldehyde problems in FEMA trailers once they were aware that problems might exist. More than a year passed before FEMA arranged with the Centers for Disease Control and Prevention to perform an appropriate study of formaldehyde levels in occupied trailers. In addition, confusion existed for quite some time over exactly what the FEMA policy was concerning formaldehyde. In general, FEMA officials did not display the degree of urgency in reacting to the reported formaldehyde problem that is merited by a problem that poses a significant health risk.

We recommended that FEMA design and implement better procedures for identifying health and safety issues as they develop, ensure

that management officials properly coordinate with professional staff and have access to relevant information, establish agreements to quickly obtain needed medical advice and testing and analysis for such problems, and establish policies that require health and safety issues to be promptly addressed. (OIG-09-83, June 2009, EMO)
http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-83_Jun09.pdf

Computer Data Match of FEMA and HUD Housing Assistance Provided to Victims of Hurricanes Katrina and Rita

In June 2006, FEMA entered into an agreement with the Department of Housing and Urban Development (HUD) under the Computer Matching and Privacy Protection Act of 1988, which allowed the OIG to compare data on HUD's assisted housing programs with FEMA disaster assistance recipients. We determined there was a significant potential for waste of millions of tax dollars, and we identified 14 cases involving potential fraud in which a single landlord received overlapping payments from HUD and FEMA programs.

We recommended that FEMA (1) make permanent its collaborative effort to share participant rental assistance program information, (2) review the instances in which HUD and FEMA paid different landlords to house the same individual at the same time to determine if reimbursement should be made to the government for the overlapping payments, and (3) review the instances in which FEMA paid a landlord to house an individual who could not be contacted to determine if the landlord should reimburse FEMA for rental income the landlord did not earn. (OIG-09-84; June 2009, EMO)
http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-84_Jun09.pdf

FEMA's Temporary Housing Unit Program and Storage Site Management

FEMA's Logistics Management Directorate (LMD) has undergone significant changes since it was reorganized in 2007, as mandated by the Post-Katrina Emergency Management Reform Act

of 2006 (Public Law 109-295). As part of that reorganization, LMD has strengthened operations, property management, and coordination with other emergency providers, and has augmented staffing with experienced logisticians. The reorganization also transferred to LMD several field sites previously managed by the Gulf Coast Recovery Office.

The transfer of those field sites introduced management control issues, including inadequate budget and accounting data and lack of technical monitors to provide oversight of contracts that furnish security and grass-cutting services, the latter of which was used as a personal services contract.

We recommended that FEMA provide budget and accounting information in periodic reports to the site management; designate a technical monitor for each site for security and grass-cutting service contract oversight; provide each site with copies of the contract, post orders, and other necessary documents; cease using the contract in question as a personal services contract; and improve management control over contractors.

(OIG-09-85, June 2009, EMO)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-85_Jun09.pdf

Consolidated Report on DHS' Management of 2005 Gulf Coast Hurricane Mission Assignment Funding

Regis & Associates, PC, under contract with DHS OIG, reviewed the management processes and internal controls of DHS components charged with implementing FEMA-issued mission assignments related to the 2005 Gulf Coast Hurricanes. These agencies included U.S. Customs and Border Protection (CBP), USCG, ICE, and the National Communications System. We identified five areas where DHS' management of mission assignments could be enhanced by (1) establishing procurement and contract monitoring standards, (2) enforcing compliance with funds control policy and procedures, (3) establishing documentation standards and a retention policy, (4) establishing uniform policy for managing accountable property, and (5) establishing reimbursement billing processes. Our recommendations included ensuring that DHS component agencies prepare more effectively for

participation in future disaster response activities and establishing internal control procedures to enhance mission assignment performance.

(OIG-09-89, July 2009, EMO)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-89_Jul09.pdf

FEMA's Sourcing for Disaster Response Goods and Services

FEMA must be prepared to quickly provide goods and services to help state and local governments respond when disaster strikes. We determined that FEMA's disaster sourcing decisions are stovepiped and process driven, and are not compliant with the National Incident Management System (NIMS). The current sourcing approach does not allow FEMA to centralize disaster sourcing decision making and limits its ability to (1) implement an overarching sourcing strategy, (2) minimize unnecessary duplication, (3) take advantage of resource ordering efficiencies, and (4) create transparency and maintain visibility over the entire resource ordering process.

We recommended that FEMA (1) implement the single-point ordering concept prescribed by NIMS, coordinating all sourcing through the Logistics Section, and (2) invest in the necessary information technology systems to ensure full integration of existing FEMA systems to support single-point ordering and enhance visibility over the sourcing process. As an interim step, we recommended that FEMA develop a timeline and interim steps for collocating the personnel ordering function from the Finance/Administration Section and the mission assignment ordering function from the Operations Section with the Ordering Unit in the Logistics Section, as discussed in the "FEMA Integrated Operations and Logistics Guidance" dated April 6, 2009.

(OIG-09-96, August 2009, EMO)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-96_Aug09.pdf

Improved Management and Stronger Leadership Are Essential to Complete the OneNet Implementation

In 2005, DHS began the process to consolidate its components' existing infrastructures into a wide area network (WAN), known as OneNet. The goal of the initiative is to help DHS consolidate its existing IT infrastructure and to improve the department's overall cost-effectiveness. DHS is behind schedule in implementing OneNet. Almost 3 years have elapsed since the initial scheduled completion date of OneNet. Many implementation activities are not complete, progress to date has been limited, and cost savings have not been realized. Concerning security requirements, DHS has implemented adequate security controls over OneNet. We did not identify any critical vulnerabilities that could be exploited to gain unauthorized access to the network. However, we identified deficiencies in implementing DHS security guidelines and with the department's backup Network Operation Center/Security Operation Center (NOC/SOC).

We recommended that DHS strengthen its oversight of OneNet implementation, update the documentation to reflect the current status of the project, evaluate and revise the current implementation strategy, and establish component implementation schedules to ensure timely migration to OneNet. Finally, DHS should ensure that its security guidelines are implemented and correct the deficiency identified at its backup NOC/SOC. (OIG-09-98, September 2009, IT-A)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-98_Sep09.pdf

Potential Duplicate Benefits Between FEMA's National Flood Insurance Program and Housing Assistance Programs

KPMG, under contract with the OIG, determined that FEMA's risk of paying duplicate benefits was high because of limitations in how FEMA's business processes and systems collected and maintained disaster assistance data. The process and systems limitations reduced FEMA's ability to operate sound management controls to identify and prevent

duplicate payments. Recommendations included (1) implementing improved business processes, procedures, and technology solutions to standardize data entry capabilities in the Disaster Assistance Directorate's National Emergency Management Information System (NEMIS) and the National Flood Insurance Program's Transaction Record Reporting and Processing System (TRRPS) and other benefit processing systems, and (2) correcting existing data element inconsistencies in NEMIS, TRRPS, and other benefit processing systems. (OIG-09-102, September 2009, EMO)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-102_Sep09.pdf

Audit of Application Controls for FEMA's Individual Assistance Payment Application

We contracted with the independent consulting firm, TWM Associates, Inc. (TWM), to conduct an audit of the application controls for FEMA's Individual Assistance Payment (IAP) process within the NEMIS environment. The audit supports our requirement to determine whether DHS has developed and implemented the proper level of internal controls to prevent and detect fraud, waste, and abuse for its national emergency management information technology systems, as required by Section 696 of the Department of Homeland Security Appropriations Act, 2007 (P.L. 109-295). TWM determined that FEMA needs to improve the controls over the IAP processing environment. We noted several weaknesses within the IAP environment, such as physical and logical access controls over the inventory of laptop and tablet computers used by inspectors who gather IAP data. In addition, there are no policies and procedures in place to ensure that the personally identifiable information (PII) data are removed from these laptops in a timely manner. TWM also identified insufficient required system and user documentation for the NEMIS IAP application. (OIG-09-104, September 2009, IT-A)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-104_Sep09.pdf

Improvements to Internal Controls for FEMA's Individuals and Households Program Registration Process

FEMA has made significant improvements to the Individuals and Households Program (IHP) disaster assistance registration approval process, but more could be done to better utilize the additional information FEMA is obtaining from outside sources. FEMA has been obtaining information to validate assertions concerning (1) identity, (2) occupancy, and (3) ownership made by all IHP registrants. However, the process could be improved if FEMA provided inspectors with updated information before they meet with the registrant and conduct the physical inspection. We recommended that FEMA (1) provide inspectors with information on the results of key validity tests; (2) require inspectors to examine more closely the evidence that registrants provide overruling identity, occupancy, and ownership validity test failures; (3) systematically record driver's license numbers in NEMIS; (4) design procedures to validate the authenticity of identity, occupancy, and/or ownership information provided by disaster assistance registrants; (5) work with the contractor to improve review processes; and (6) develop policy and standard operating procedures for expediting IHP assistance.

(OIG-09-110, September 2009, EMO)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIGr_09-110_Sep09.pdf

Management Advisory Report: FEMA's Housing Strategy for Future Disasters

We focused on six key disaster housing areas: (1) the high cost of FEMA's current housing options, (2) the critical element of housing stocks, (3) the importance of communications in the aftermath of a disaster, (4) the National Disaster Housing Strategy and the Joint Housing Solutions Group, (5) the importance of state and local government officials' involvement and leadership, and (6) the need for innovation in addressing the intractable disaster housing issue.

We recommended that FEMA (1) compile and maintain comprehensive historical cost data on each housing alternative so that FEMA can better decide

which housing options to implement in a particular disaster; (2) continue exploring innovative, flexible, and cost-effective catastrophic housing capabilities and, if warranted, seek additional legislative authorities to repair housing stocks following catastrophic disasters; (3) develop operational plans for FEMA's disaster housing program that include measurable and achievable outcomes, including appropriate outcomes for catastrophic disasters; and (4) develop a postdisaster communications strategy that will lead to a clear understanding of housing options, help manage expectations, and reinforce disaster victim responsibilities.

(OIG-09-111, September 2009, EMO)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-111_Sep09.pdf



Coast Guard personnel assist Midwest flooding victims in Missouri. In many cases, the Coast Guard is the sole federal presence on America's inland waterways

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 33 financial assistance grant reports during the period. Of those reports, 29 disclosed questioned costs totaling \$78,797,619, of which \$12,160,270 was unsupported. A list of these reports, including questioned costs and unsupported costs, is provided in Appendix 4.

Hurricane Katrina Activities for Pascagoula School District, Pascagoula, MS

The Pascagoula School District received a public assistance award of \$23 million from the Mississippi Emergency Management Agency (MEMA), a FEMA grantee, for emergency protective measures, repair/replacement of buildings and equipment, and other disaster-related activities. Our audit focused primarily on \$8.7 million of costs awarded under 10 large projects. We identified \$64,485 of interest earned on FEMA advances that had not been remitted to FEMA in a timely manner, and \$1,060,015 of FEMA funding that should be deobligated because the District received funds from other sources to cover the cost of work obligated under several projects. Prior to the issuance of our report, the District remitted the earned interest to FEMA. We recommended that the Acting Director, Mississippi Transitional Recovery Office, in coordination with MEMA, deobligate the \$1,060,015 of FEMA funding duplicated by federal and nonfederal sources. (DA-09-14, April 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DA-09-14_Apr09.pdf

Hurricane Ivan Activities for Escambia County Sheriff's Office

The Escambia County Sheriff's Office received an award of \$6.6 million from the Florida Department of Community Affairs (DCA), a FEMA grantee, for emergency protective measures undertaken as a result of Hurricane Ivan in September 2004. We reviewed costs totaling \$5.9 million incurred under the seven large projects. The Sheriff's Office did not account for FEMA funds on a project-by-project basis, as required by federal regulations for large projects. We also identified \$2.1 million of questioned costs resulting from force account equipment and overtime labor charges that were unsupported, excessive, and ineligible. We recommended that the Director of the Florida Recovery Office, in conjunction with DCA, instruct the Sheriff's Office to accumulate project costs on a project-by-project basis, and to disallow the \$2.1 million of questioned costs.

(DA-09-15, April 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DA-09-15_Apr09.pdf

Seminole Tribe of Florida – Activities for 2004 and 2005 Florida Hurricanes

The Seminole Tribe of Florida received an award of \$7.7 million from the Florida Department of Community Affairs, a FEMA grantee, for emergency protective measures, repairs to housing and buildings, and other disaster-related activities resulting from Hurricanes Frances and Jeanne in 2004, and Hurricanes Katrina and Wilma in 2005. We reviewed costs totaling \$5.2 million incurred under 27 large projects and 23 small projects. We determined that the tribe did not account for individual project expenditures on a project-by-project basis, as required by federal regulations. In addition, we identified \$2.5 million of questioned costs resulting from costs covered by insurance, equipment and repair costs, and project charges. We recommended that the Director of the Florida Recovery Office disallow the \$2.5 million of questioned costs. (DA-09-16, May 2009, EMO)

(DA-09-16, May 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DA-09-16_May09.pdf

Hurricane Wilma Activities for Town of Davie, Florida

The Town of Davie, Florida, received an award of \$15.9 million from the Florida Department of Community Affairs, a FEMA grantee, for emergency protective measures and debris removal activities resulting from Hurricane Wilma in 2005. We reviewed costs totaling \$17.9 million incurred under five large projects. We identified \$752,000 of questioned costs resulting from labor charges, insurance proceeds, and equipment and duplicate material charges. In addition, we determined that the town did not comply with federal regulations and FEMA guidelines when procuring goods and services under a FEMA award. We recommended that the Director of the Florida Recovery Office disallow the \$752,000 of questioned costs and evaluate the reasonableness of the \$968,500 of time-and-material contract costs.

(DA-09-17, May 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DA-09-17_May09.pdf

Review of Hurricanes Katrina and Wilma Activities for Broward County, Florida

As of October 26, 2007, Broward County, Florida, had received FEMA public assistance awards of \$1.3 million and \$22.2 million, respectively, for Hurricanes Katrina and Wilma, from the Florida Department of Community Affairs, a FEMA grantee. The awards provided funding for emergency protective measures, debris removal, and other disaster-related activities. We reviewed costs totaling \$15.7 million under the awards, consisting of \$1.1 million under Hurricane Katrina and \$14.6 million under Hurricane Wilma. We identified questioned costs totaling \$3.5 million that resulted from costs that were unsupported, excessive, and ineligible; previously disallowed by FEMA; and the responsibility of another federal agency. Moreover, the county received \$936,000 of excess FEMA funding under a debris removal project. We recommended that the Director of the Florida Recovery Office, in conjunction with the grantee, disallow the \$3.5 million of questioned costs and deobligate the \$936,000 of excess funding.

(DA-09-18, May 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DA-09-18_May09.pdf

Hurricane Katrina Activities for Pass Christian Public School District, Mississippi

The Pass Christian Public School District received an award of \$42.6 million from MEMA, a FEMA grantee, for debris removal, emergency protective measures, repairs to buildings and equipment, and other disaster-related activities. Our audit focused primarily on \$8.6 million awarded under five large projects. The district's accounting system did not provide a means to readily trace project expenditures to source documents, as required by federal regulations. In addition, the District did not always comply with federal procurement procedures. We also identified \$333,432 of questioned costs resulting from duplicate funding, an unapplied credit, and excessive contract costs. We recommended that the Acting Director,

Mississippi Transitional Recovery Office, in coordination with MEMA, instruct the District to develop an accounting system that allows for project expenditures to be readily traced to source documents, disallow the \$333,432 of questioned costs, and instruct the District to comply with federal procurement regulations.

(DA-09-19, July 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DA-09-19_Jul09.pdf

Harrison County School District, Mississippi

The Harrison County School District received a Hazard Mitigation Grant Program (HMGP) award of \$20.9 million from MEMA, a FEMA grantee, for strengthening two high schools into community hurricane shelters. The school district accounted for FEMA funds on a project-by-project basis and complied with federal and FEMA guidelines regarding procurement, contract monitoring, and documentation requirements. However, the school district received an overpayment of \$375,726 as a result of an accounting error and did not effectively monitor project funding, resulting in \$4.1 million of unneeded funding that could have been deobligated and used for other HMGP projects. We recommended that the Acting Director, Mississippi Recovery Office, (1) disallow the \$375,726 overpayment, (2) deobligate \$4.1 million of unneeded funding, and (3) inform the grantee to comply with monitoring requirements of 44 CFR 13.40.

(DA-09-20, August 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DA-09-20_Aug09.pdf

Hurricane Georges Activities for Puerto Rico Electric and Power Authority

The Puerto Rico Electric and Power Authority (PREPA) received a public assistance award of \$159.6 million from the Puerto Rico Office of Management and Budget, a FEMA grantee, for damages caused by Hurricane Georges in September 1998. We reviewed costs totaling \$69.7 million under 34 large projects and 221 small projects. PREPA did not account for FEMA funds on a project-by-project basis, as required by federal regulations. We identified questioned costs

totaling \$16.8 million (FEMA share \$15.1 million) resulting from duplicate charges; losses covered by insurance; unsupported, excessive, unrelated, and unauthorized charges; an unapplied credit; and a mathematical error. We recommended that the Acting Regional Administrator, FEMA Region II, inform PREPA, for future disasters, to separately account for project costs on a project-by-project basis and to maintain supporting documentation that facilitates tracking project expenditures in its accounting system, and to disallow the \$16.8 million of questioned costs.

(DA-09-21, August 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DA-09-21_Aug09.pdf

Orange County, Florida

Orange County, Florida, received public assistance awards totaling \$67.7 million from the Florida Department of Community Affairs (DCA), a FEMA grantee, for debris removal and emergency protective measures undertaken as a result of Hurricane Charley in August 2004 and Hurricanes Frances and Jeanne in September 2004. We reviewed costs totaling \$49.3 million under the three disasters, which consisted of \$33.7 million for debris removal and \$15.6 million for emergency protective measures work. The county accounted for FEMA funds on a project-by-project basis according to federal regulations for large projects. However, we identified \$3.4 million of questioned costs resulting from ineligible, excessive, unsupported, and duplicate project charges.

The county also received excess funding of \$1.8 million under several debris removal projects. We recommended that the Regional Administrator, FEMA Region IV, disallow the \$3.4 million of questioned costs and deobligate the \$1.8 million of excess funding. (DA-09-22, August 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DA-09-22_Aug09.pdf

City of Richmond, Virginia

The City of Richmond, Virginia, received a public assistance grant award of \$42.5 million from the Virginia Department of Emergency Management (VDEM), a FEMA grantee, for damages to the

Battery Park area resulting from Tropical Storm Ernesto in August 2006. We reviewed \$39.1 million of costs claimed under eight large projects. The city accounted for FEMA funds on a project-by-project basis consistent with federal regulations for large projects. However, we identified \$783,598 (FEMA share \$587,699) of questioned costs resulting from contract charges that were excessive, ineligible, duplicative, and unsupported. We also identified \$24,219 of unremitted interest earned on FEMA advances. The report did not contain any recommendations because FEMA deobligated the questioned costs and the city remitted the earned interest prior to issuance of our report.

(DA-09-24, August 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DA-09-24_Aug09.pdf

California Department of Parks and Recreation, Sacramento, California

The California Department of Parks and Recreation in Sacramento, California, received a public assistance subgrant award of \$5.7 million from the California Emergency Management Agency (CalEMA), a FEMA grantee, for debris removal and repairs to department facilities damaged by winter storms in January 2005.

The department expended and accounted for disaster funds according to federal regulations and FEMA guidelines. However, for the six completed projects we reviewed, more than \$1.3 million in project funding made available to the department was no longer needed and could be deobligated by FEMA. In addition, the department's quarterly progress reports to CalEMA did not accurately reflect project status.

We recommended that FEMA Region IX (1) deobligate \$1.3 million (\$980,180 federal share) in disaster funds obligated for six projects and (2) require CalEMA to follow the monitoring and program performance reporting requirements of federal regulations and its own administrative plan to ensure that quarterly progress reports are accurate, current, and complete, and reflect significant developments in project execution.

(DS-09-05, May 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DS-09-05_May09.pdf

***Boone County Fire Protection District,
Columbia, Missouri***

We audited \$4.1 million in FEMA preparedness grants (FY 2002–FY 2006) and \$2.2 million in deployment reimbursements provided to the Boone County Fire Protection District for six deployments that occurred between 2005 and 2007. The district is the sponsor for Missouri Task Force One under FEMA's National Urban Search and Rescue Response System Program.

We reported that the District needs to strengthen its controls to improve compliance with federal criteria for preparedness and deployment costs. We made 13 recommendations to FEMA, including one to disallow \$466,920 in ineligible costs and another to disallow \$285,533 in unsupported costs. We also recommended that the District develop inventory management controls, that FEMA provide specific guidance on task force food and beverage purchases, and that FEMA require the District to submit additional detail with closeout of claims.

(DS-09-06, June 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DS-09-06_Jun09.pdf

***Snobomish County Public Utilities District
Number 1, Everett, Washington***

The District received a public assistance subgrant award of \$5.6 million from the Washington Military Department, Emergency Management Division, a FEMA grantee, to repair utility system damages caused by a severe winter storm, landslides, and mudslides occurring in December 2006.

The District generally expended and accounted for public assistance funds according to federal regulations and FEMA guidelines. However, we questioned \$286,533 in costs relating to insufficient documentation, unreasonable and ineligible costs included in the District's claim, accounting errors that resulted in duplicate costs, and public utility taxes paid to other utility districts

that provided mutual aid. We recommended that FEMA Region X disallow \$286,533 in unsupported or excessive costs.

(DS-09-07, June 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DS-09-07_Jun09.pdf

***City of Los Angeles Department of Water
and Power***

The City of Los Angeles Department of Water and Power received a public assistance subgrant award of \$11.2 million from the California Office of Emergency Services, (now 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. Of the \$7.2 million in costs the Department intends to claim for the five projects we reviewed, \$2.6 million was not in compliance with federal reimbursement criteria. In addition, FEMA could deobligate unneeded project funding for three of the five projects reviewed. Further, the eligibility and supportability of force account labor and force account equipment costs could not be determined; the issue was referred to FEMA for resolution. We recommended that FEMA, in coordination with CalEMA, (1) inform the Department of the requirement to obtain FEMA approval for budget and scope of work revisions, (2) disallow \$2.6 million, (3) deobligate \$2.1 million in funds not needed by the Department, and (4) verify the eligibility and supportability of \$657,943 in labor and \$378,903 in equipment charges for three projects.

(DS-09-09, July 2009, EMO)

http://www.dhs.gov/xoig/assets/auditreports/OIG_DS-09-09_Jul09.pdf

City of Laguna Beach, California

The City of Laguna Beach received a public assistance subgrant award of \$33.9 million from the California Office of Emergency Services, (now CalEMA), a FEMA grantee, for debris removal, emergency protective measures, and permanent repairs to facilities damaged by the Bluebird Canyon landslide, caused by severe storms in February 2005. Of the \$33.9 million the city plans

to claim for the seven large projects we reviewed, \$1.03 million does not comply with the criteria required for federal reimbursement (federal share \$774,128). We recommended that FEMA, in coordination with CalEMA, disallow (1) \$815,006 in repair costs for work on private properties, (2) \$171,607 for tasks covered by FEMA's statutory administrative allowance, (3) \$22,657 for a credit not taken by the city for the salvage value of FEMA-funded equipment, and (4) \$22,901 in unallowable project costs.
(DS-09-10, August 2009, EMO)
http://www.dhs.gov/woig/assets/auditreports/OIG_DS-09-10_Aug09.pdf

***California Department of Fish and Game,
Sacramento, California***

The California Department of Fish and Game (DFG) received a public assistance subgrant award of \$5 million from the California Office of Emergency Services, (now CalEMA), a FEMA grantee, for emergency protective measures and permanent repairs to facilities damaged by severe storms beginning on December 17, 2005. Of the \$6.1 million in costs that DFG intends to claim for the 10 projects we reviewed, \$4.5 million was not in compliance with criteria required for federal reimbursement (the federal share of the cost questioned totals \$3.4 million). In addition, we identified \$319,431 in unneeded project funding for 4 of the 10 projects. We recommend that FEMA inform DFG of its regulatory requirement to obtain prior written approval for significant budget and scope increases. We also recommended that FEMA require CalEMA to disallow (1) \$2.9 million in questionable contract costs, (2) \$1.5 million in unsupported scope of work increases, (3) \$6,906 in unallowable costs, and (4) \$71,320 in ineligible costs. We also recommended that FEMA deobligate unneeded project funding.
(DS-09-11, August 2009, EMO)
http://www.dhs.gov/woig/assets/auditreports/OIG_DS-09-11_Aug09.pdf

California Department of Water Resources

The California Department of Water Resources received a public assistance subgrant award of \$17.5 million from the California Office of Emergency

Services, (now CalEMA), a FEMA grantee, for emergency protective measures in response to flooding in the upper and lower Jones Tract in San Joaquin that occurred in June 2004. We audited the seven projects associated with the subgrant award. Of the \$17.5 million the Department claimed in project costs, \$4.1 million was not in compliance with criteria required for federal reimbursement. Specifically, the Department's claim included \$3.1 million in costs that were not eligible for reimbursement and \$1 million in costs that were not adequately supported. The federal share of costs questioned in the report totaled \$3.1 million. We recommended that FEMA Region IX, in coordination with the CalEMA, disallow the ineligible and unsupported costs and recoup any overpayments.
(DS-09-13, September 2009, EMO)
http://www.dhs.gov/woig/assets/auditreports/OIG_DS-09-13_Sep09.pdf

City of Oakland, California

We audited public assistance funds awarded to the City of Oakland, California, for repairs to roads damaged by severe storms, flooding, landslides, and mudslides during the spring of 2006. The city received a public assistance subgrant award of \$4.7 million from the California Office of Emergency Services, (now CalEMA), a FEMA grantee. We audited \$4.5 million in costs claimed by the city for this project and questioned costs of \$426,770 (FEMA share \$320,078). We recommended that FEMA Region IX disallow these costs if not excluded by CalEMA when it forwards the city's final claim to the region for closure.
(DS-09-14, September 2009, EMO)
http://www.dhs.gov/woig/assets/auditreports/OIG_DS-09-14_Sep09.pdf

***Jefferson Davis and Beauregard Electric
Cooperatives***

We audited public assistance funds awarded to the Jefferson Davis Electric Cooperative, Inc. (JDEC) and Beauregard Electric Cooperative, Inc. (BEC), located in Jennings and Deridder, Louisiana, respectively (referred to collectively in this report as the Co-ops). Our audit objectives were to determine whether the Co-ops paid reasonable

prices for base camp food and lodging and complied with federal procurement standards in awarding contracts for base camps and work necessary to restore power.

JDEC and BEC received \$19.6 million in contracts for base camps and \$59.2 million in contracts for power restoration work, for a total award of \$103.7 million. JDEC and BEC paid unreasonably high prices for base camp food and lodging and did not comply with federal procurement standards in awarding contracts for base camps and work necessary to restore power. The Co-ops also incurred costs that were ineligible and unsupported. Generally, the Co-ops did not assess the reasonableness of prices paid to contractors, execute written contracts, adequately monitor contractor performance, or properly review invoices before payment. We recommended that FEMA disallow \$27 million of unsupported and ineligible costs. (DD-09-08, May 2009, EMO)
http://www.dhs.gov/xoig/assets/auditreports/OIG_DD-09-08_May09.pdf

Downtown Development District, New Orleans, Louisiana

We audited FEMA Public Assistance (PA) funds awarded to the Downtown Development District (DDD) in New Orleans, Louisiana. DDD received an award of \$739,741 from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), a FEMA grantee, for damages caused by a Hurricane Katrina on August 29, 2005.

DDD did not expend and account for FEMA funds, as required to federal regulations and FEMA guidelines. DDD's claim included \$149,020 in unreasonable costs for debris removal and \$111,996 in duplicate federal funding for replacement of directional signage; therefore we questioned \$261,016. We recommended that FEMA disallow \$149,020 in unreasonable costs for debris removal, and \$111,996 as duplicate federal funding. (DD-09-09, May 2009, EMO)
http://www.dhs.gov/xoig/assets/auditreports/OIG_DD-09-09_May09.pdf

City of New Orleans Residential Solid Waste and Debris Removal

The OIG audited public assistance funds awarded to the City of New Orleans Residential Solid Waste and Debris Removal. The city received an award of \$3.42 million from GOHSEP, a FEMA grantee, for damages caused by Hurricane Katrina in 2005.

FEMA determined that 75% of debris removed from September 2007 through February 2008 was disaster related and would reimburse the city for 75% of its cost of debris removal already completed. FEMA determined that it would take approximately 3 months to remove the estimated 75,000 cubic yards of eligible debris that remained and decided to pay the city 100% of its debris removal costs for March through May 2008.

The city claimed \$3.94 million for reimbursement for debris removal and disposal for September 2007 through May 2008. However, the city's claim did not reflect the FEMA-required 25% reduction in debris removal costs from September 2007 through February 2008. The audit identified an additional \$39,165 in costs that the city inadvertently omitted from its claim. We determined that the difference between the claimed amount and the eligible amount is \$663,382 in ineligible questioned costs. (DD-09-11, June 2009, EMO)
http://www.dhs.gov/xoig/assets/auditreports/OIG_DD-09-11_Jun09.pdf

Kiamichi Electric Cooperative, Inc., Wilburton, Oklahoma

We audited public assistance funds awarded to Kiamichi Electric Cooperative, Inc. (KEC), in Wilburton, Oklahoma.

KEC received an award of \$11.7 million from the Oklahoma Department of Emergency Management (ODEM), a FEMA grantee, for damages resulting from severe winter storms that occurred during January 2007. The audit covered all projects for the period January 12, 2007, through August 25, 2008. KEC claimed \$10.2 million for direct program costs.

KEC claimed \$305,143 of costs that were ineligible, and ODEM disbursed a duplicate payment of \$4.5 million to KEC. Recommendations included (1) disallow \$305,143 (\$228,857 FEMA share) of ineligible costs, (2) require the Oklahoma Department of Emergency Management to determine and recover the amount of the overpayment to KEC (approximately \$3.7 million), and (3) verify that ODEM has strengthened controls to prevent overpayments of FEMA funds to subgrantees and evaluate the effectiveness of the controls.

(DD-09-12, June, 2009, EMO)

http://www.dhs.gov/woig/assets/auditreports/OIG_DD-09-12_Jun09.pdf

New Orleans City Park Improvement Association and Office of Facility Planning and Control

We audited public assistance funds awarded to the City Park Improvement Association (CPIA) and the Office of Facility Planning and Control (OFPC), State of Louisiana, for repairs to the New Orleans City Park.. GOHSEP, a FEMA grantee, awarded CPIA and OFPC a combined \$21.2 million for damages resulting from Hurricane Katrina.

CPIA and OFPC accounted for and expended FEMA funds according to federal regulations and FEMA guidelines. However, CPIA's claim included \$226,034 for ineligible markups on a cost-plus-a-percentage-of-cost contract. Also, OFPC claimed \$68,140 for sod replacement costs that were ineligible. Therefore, we questioned \$294,174 as ineligible costs. We recommended that FEMA disallow \$226,034 for prohibited markups on contract costs, and \$68,140 for ineligible sod replacement costs.

(DD-09-15, September 2009, EMO)

http://www.dhs.gov/woig/assets/auditreports/OIG_DD-09-15_Sep09.pdf

Audit of Licking Rural Electrification, Utica, Ohio

We audited public assistance funds awarded to Licking Rural Electrification, Inc. (LRE), in Utica, Ohio. LRE received an award of \$13.9 million from the Ohio Emergency Management Agency, a FEMA grantee, for damages caused during

severe winter storms, flooding, and mudslides on December 22, 2004, through February 1, 2005. The award provided for 75% funding for 25 large and 2 small projects that were in various stages of completion during our audit.

LRE accounted for FEMA funds on a project-by-project basis according to federal regulations. However, LRE did not always follow federal procurement standards in awarding and administering contracts for disaster-related work. We recommended that FEMA disallow \$1.2 million of ineligible and unsupported costs.

(DD-09-16, September 2009, EMO)

http://www.dhs.gov/woig/assets/auditreports/OIG_DD-09-16_Sep09.pdf

City of New Orleans Community Correctional Center, New Orleans, Louisiana

We audited public assistance funds awarded to the City of New Orleans, Louisiana, for environmental mitigation, stabilization, and remediation of the Community Correctional Center (CCC) related to Hurricane Katrina.

The city received an award of \$1.13 million from GOHSEP, a FEMA grantee. We audited \$1.28 million in costs claimed by the city for this project.

The city did not account for and expend FEMA funds according to federal regulations and FEMA guidelines. City officials did not follow federal procurement standards in awarding and administering contracts for disaster-related work, and the city's claim included \$872,463 of costs that were ineligible. We recommended that FEMA disallow \$872,463 of ineligible costs, including \$296,171 in prohibited markups on costs, \$573,992 for work that was not the City's legal responsibility, and \$2,300 in overcharges.

(DD-09-17, September 2009, EMO)

http://www.dhs.gov/woig/assets/auditreports/OIG_DD-09-17_Sep09.pdf

INVESTIGATIONS

Woman Sentenced for FEMA and HUD Fraud (Update 10/01/08–3/31/09 SAR)

We conducted an investigation in which an individual was sentenced to 3 years' probation, 8 months' home detention, 200 hours of community service, and restitution for the theft of \$60,200 in FEMA disaster relief benefits associated with Hurricane Katrina. In addition to the individual's fraudulent application and receipt of FEMA disaster assistance funds, she applied for and obtained \$30,000 in grant funds from the Community Development Block Grant, which was set up by HUD to provide disaster assistance following Hurricane Katrina. The sentencing concluded a joint investigation by HUD OIG and DHS OIG.

Couple Guilty of FEMA Fraud

We conducted an investigation that revealed that a husband and wife fraudulently received FEMA aid after claiming to have been relocated from the Gulf Coast area in the aftermath of Hurricane Katrina. The husband and wife filed separate, fraudulent applications with FEMA, receiving a combined amount of \$49,479 in hurricane-related disaster benefits to which they were not entitled. The individuals admitted guilt and were subsequently arrested. The wife pleaded guilty to felony theft and was sentenced to 5 years' probation and ordered to pay \$23,279 in restitution to FEMA, while the husband pleaded guilty to wire fraud, mail fraud, false claims, and felony theft, and was sentenced to 5 years' probation and ordered to pay \$26,200 in restitution.

Over \$4 Million Received in FEMA Fraud Settlement

The U.S. Attorney's Office in the Middle District of Louisiana filed consent judgments representing a settlement with a disaster relief company and its owners in the amount of \$4 million plus interest. Our investigation stemmed from an allegation that the disaster relief company had defrauded FEMA of approximately \$5.2 million. The company was contracted soon after Hurricane Katrina made

landfall in New Orleans to construct and operate a base camp to house approximately 1,000 emergency workers for 30 days. The company's owners falsely represented to FEMA that they had experience in constructing base camps and could build the camp in the 72 hours required by FEMA. The investigation showed that the company was established as a business only after the contract was awarded, that its principals had no experience in the construction and operation of base camps, and that it completely failed to comply with the terms of the contract.

Tax Consultant Sentenced in FEMA Fraud Investigation (Update 10/01/08–3/31/09 SAR)

We investigated a Florida tax consultant who stole multiple identities and was sentenced in federal court after having pleaded guilty to 26 counts of FEMA-related fraud, including false statements, wire fraud, mail fraud, and aggravated identity theft. Our investigation determined that the tax consultant received more than \$126,000 from filing false FEMA disaster benefit assistance claims. Using the biographical information from the victims' tax statements, she supplied FEMA with her own routing and account numbers at 10 different banks to conceal the crime and created numerous fake documents in order to substantiate the false claims. She was sentenced to 57 months in prison and ordered to pay \$126,411 in restitution.

Suspended Police Chief Convicted of FEMA Fraud

Our investigation resulted in a local city police chief being convicted of eight felony charges in U.S. District Court. The suspended police chief was arrested by the Federal Bureau of Investigation (FBI) and our agents because of false claims and statements he made to FEMA. He received \$19,514 from FEMA based on false claims of damage to a house he owned that sustained damage during Hurricane Katrina.

Guilty Plea to Katrina Fraud

We investigated a resident of Wisconsin who pleaded guilty to one count in violation of 18 USC 1343, Wire Fraud, and is waiting sentencing relating to this FEMA fraud investigation. We received information that the individual knowingly

submitted false information to FEMA on several occasions, falsely reporting to be residing in Biloxi, Mississippi, during the time Hurricane Katrina struck. Later, he applied for additional FEMA assistance, claiming he lived at a different address when the storm struck. He received \$39,760 in FEMA funds.

Woman Sentenced to 57 Months in Prison for FEMA Fraud

Our investigation resulted in an individual being sentenced to 57 months in federal prison and ordered to repay FEMA for money she stole in multiple bogus disaster claims following Hurricanes Katrina, Rita, and Ike. She pleaded guilty to one count of mail fraud and one count of stealing another person's Social Security number. She was also indicted on 13 other counts, all related to false claims for home damage during hurricanes.

FEMA NPSC Employee Guilty of Fraud

We conducted an investigation of an individual who was sentenced in U.S. District Court to 3 months' incarceration, 3 years' supervised release, and 3 months' home detention and restitution of \$49,153, following her plea of guilty to 18 USC 371, Conspiracy to Embezzle Government Funds. Immediately following Hurricane Katrina, FEMA conducted a mass hiring of individuals to work in its National Processing Service Centers (NPSC). This individual was hired to work the NPSC call center in Hyattsville, Maryland. Unbeknownst to the government, she and several others had prior criminal histories. The employee schemed with several others to fraudulently send \$2,000 in FEMA disaster assistance funds to friends of hers in the local area. In return, she would receive back \$1,000. The government was able to show that there was an initial fraud loss of more than \$96,000.

Woman Sentenced to 6-Month Home Confinement for FEMA Fraud

We conducted a joint investigation resulting in an individual being sentenced to 6 months' home confinement, 3 years' probation, and full restitution of \$148,078 for defrauding the Louisiana

Road Home Program by submitting a fraudulent application for a Road Home Grant in the wake of Hurricane Katrina in the fall of 2005. The individual applied for and received a Road Home Grant of \$148,078 for a rental property she owned in New Orleans. She fraudulently represented that she was a full-time resident of the property, when she in fact had been renting the property to tenants at the time of the storm. We jointly investigated this case with the HUD, OIG and the FBI.

Woman Guilty of Altering Treasury Check

We investigated an individual who pleaded guilty in federal court to forgery against the United States, in violation of 18 USC, Section 495. The individual altered the face of a U.S. Treasury check that had been made out to her for FEMA disaster relief benefits in the amount of \$1,425 so that it appeared to be payable in the amount of \$11,425. She then deposited it into her personal account, which was credited with \$11,425. The charges resulted from a joint investigation we conducted with the FBI.

Man Found Guilty of SBA Fraud

We jointly investigated a Louisiana individual who was sentenced in U.S. District Court to 3 years of probation, a \$1,500 fine, and a \$100 special assessment. He had previously pleaded guilty to wire fraud in connection with the filing of applications for loans from the Small Business Administration (SBA). The SBA provided assistance to the victims of disasters through low-interest loans to fund the repair and restoration of hurricane-damaged homes and businesses. The individual submitted applications for a home repair loan and a business loan to SBA in October 2005 and April 2008, respectively. He was charged with submitting false and fraudulent receipts and invoices to the SBA to support the claims of repairs being performed, when in fact no such work had been done. The submission of the fraudulent receipts and invoices caused the SBA to approve and issue a home repair loan totaling approximately \$94,000 and a business loan totaling approximately \$125,500. The SBA OIG, HUD OIG, and DHS OIG jointly conducted this investigation.

\$600,000 Fraud in Road Home Program

We investigated an individual who subsequently pleaded guilty to one count of conspiracy to steal approximately \$600,000 in government funds involving elderly individuals' Road Home grants (Disaster Assistance Program). Our investigation, working jointly with HUD and the Social Security OIG, uncovered five separate incidents in which the bank routing instructions on Road Home grantees' closing documentation were altered so that money would be wired into the personal bank accounts of the individual. He faces a maximum term of imprisonment of 5 years, a \$250,000 fine, and 3 years of supervised release.

FEDERAL LAW ENFORCEMENT TRAINING CENTER

MANAGEMENT REPORTS

Information Technology Management Letter for the FY 2008 Federal Law Enforcement Training Center Financial Statement Audit (Redacted)

KPMG, under contract with the OIG, conducted the audit of the FLETC's Consolidated Balance Sheet and related statements as of September 30, 2008, and 2007. However, during the audit in FY 2008, KPMG continued to find IT general control weaknesses at FLETC. The most significant weaknesses from a financial statement audit perspective related to access controls, application software development and change control, and service continuity. Collectively, the IT control weaknesses limit FLETC's ability to ensure that critical financial and operational data are maintained in such a manner to ensure confidentiality, integrity, and availability. In addition, these weaknesses negatively impact the internal controls over FLETC's financial reporting and its operation, and KPMG considers them to collectively represent a material weakness.

(OIG-09-63, April 2009, IT-A)

http://www.dhs.gov/zoig/assets/mgmttrpts/OIGr_09-63_Apr09.pdf

OFFICE FOR CIVIL RIGHTS AND CIVIL LIBERTIES

We received 86 civil rights and civil liberties complaints from April 1, 2009, through September 30, 2009. Of those, we opened two investigations and referred 84 complaints to the Office for Civil Rights and Civil Liberties. Currently, there are no complaints under review for disposition.

TRANSPORTATION SECURITY ADMINISTRATION MANAGEMENT REPORTS

Information Technology Management Letter for the FY 2008 Transportation Security Administration Financial Statement Audit (Redacted)

KPMG, under contract with the OIG, conducted the audit of the TSA Consolidated Balance Sheet and related statements as of September 30, 2008, and 2007. KPMG noted that TSA took corrective action to address many prior years' IT control weaknesses. However, during FY 2008, KPMG continued to find IT general control weaknesses at TSA. The most significant weaknesses from a financial statement audit perspective related to access controls, change control, and service continuity. Collectively, the IT control weaknesses limit TSA's ability to ensure that critical financial and operational data are maintained in such a manner to ensure confidentiality, integrity, and availability. In addition, these weaknesses negatively impact the internal controls over TSA's financial reporting and its operation, and KPMG considers them to collectively represent a material weakness under standards established by the American Institute of Certified Public Accountants.

(OIG-09-62, April 2009, IT-A)

http://www.dhs.gov/zoig/assets/mgmttrpts/OIGr_09-62_Apr09.pdf

Role of the No Fly and Selectee Lists in Securing Commercial Aviation (Redacted)

At the direction of the House and Senate Committees on Appropriations, Subcommittees on Homeland Security, we reviewed the TSA Secure Flight program's intention to screen passenger information against only the No Fly and Selectee lists, rather than the entire government terrorist watch list database. The No Fly and Selectee lists are subsets of the federal government's consolidated watch list, the Terrorist Screening Database.

Although the use of the No Fly and Selectee lists is largely successful in identifying potential terrorists who could threaten commercial aviation, some individuals not included on the lists may also present vulnerabilities to aviation security. However, passenger prescreening against terrorist watch lists proposed by the Secure Flight program is only one component of a larger security cycle that protects the Nation's commercial aviation system. International and domestic security activities within and outside of DHS, such as intelligence gathering, law enforcement investigations, visa issuance, and border protection, mitigate potential vulnerabilities not addressed by the Secure Flight program and enhance commercial aviation security overall. We made one recommendation, and TSA concurred in part with the recommendation. (OIG-09-64, July 2009, ISP)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIGr_09-64_Jul09.pdf

TSA's Role in General Aviation Security

General aviation accounts for 77% of all flights in the United States and is a vital component of the national economy. It includes the very large air cargo transport sector, air medical ambulance operations, flight schools, corporate aviation, and privately owned aircraft. General aviation activity frequently takes place alongside scheduled airline operations at large commercial airports, as well as at thousands of general aviation-only public and private airports and helipads. We conducted this review at the request of the Honorable Sheila Jackson Lee, chairwoman of the Subcommittee on Transportation Security and Infrastructure Protection, House Committee on Homeland Security.

We determined that general aviation presents only limited and mostly hypothetical threats to security. We also determined that the steps general aviation airport owners and managers have taken to enhance security are positive and effective. TSA guidelines, communication forums, and alert mechanisms, coupled with voluntary measures taken by the owners and operators of aircraft and facilities, provide baseline security for aircraft based at general aviation sites. Significant additional regulation of the industry would require considerable federal funding. We made no recommendations to the TSA regarding general aviation regulation. (OIG-09-69, May, 2009, ISP)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-69_May09.pdf

DHS Contracts Awarded Through Other Than Full and Open Competition During FY 2007

In FY 2007, the DHS obligated \$3.1 billion for procurements awarded through other than full and open competition. Our review of 82 noncompetitive procurements and 38 competitive procurements revealed that 91 procurements were not awarded according to federal regulations. Procurement files did not always contain proper written justifications, were not always approved by the appropriate official, did not always contain sufficient evidence of market research or adequate acquisition planning, and did not always reflect the amount of competition that actually took place. The department did not have adequate policies, procedures, controls, or resources to ensure that procurements were carried out as required. As a result, the department cannot ensure that it received the best possible value on these acquired goods and services.

The department did not effectively use the Federal Procurement Data System-Next Generation to ensure that contract data were complete and accurate. Without effective controls to ensure that personnel enter complete and reliable contract data, the department is unable to report competition statistics accurately. (OIG-09-94, August, 2009, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-94_Aug09.pdf

Transportation Security Administration Privacy Stewardship

TSA facilitates the security and freedom of movement of the Nation's air, surface, and maritime transportation systems. More than 40,000 TSA employees stationed throughout the world interact daily with the public or collect, use, and disseminate PII about the public. Federal laws—such as the Privacy Act and E-Government Act, OMB guidance, and DHS and TSA directives and guidelines—set minimum standards and procedures for handling PII and protecting the privacy of individuals.

TSA has made progress in implementing a framework that promotes a privacy culture and complies with federal privacy laws and regulations. Specifically, TSA demonstrated its organizational commitment to privacy by designating the Office of Privacy Policy and Compliance (OPPC) to oversee its privacy functions. In addition, OPPC is strengthening TSA's culture of privacy through coordination with managers of programs and systems to meet reporting requirements, perform privacy risk impact assessments, prepare public notifications of systems of records, and enforce privacy rules of conduct. Further, OPPC has established processes for reviewing and reporting privacy incidents, issuing public notices, addressing complaints and redress for individuals, and implementing and monitoring privacy training for employees.

TSA can improve its privacy program by implementing automated privacy-specific tools for testing and monitoring. Further, TSA can implement approaches to provide supplemental and job-specific privacy awareness or training activities. (OIG-09-97, August 2009, IT-A)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-97_Aug09.pdf

Penetration Testing of Law Enforcement Credential Used to Bypass Screening (Unclassified Summary)

TSA is responsible for overseeing aviation security and ensuring the safety of the air-traveling public. This includes the procedures for verifying the legitimacy of armed law enforcement officers who

are exempt from standard passenger screening. Armed law enforcement officers undergo specialized screening procedures that are performed by airport-assigned law enforcement officers, supervisory transportation security officers, or designated TSA representatives.

Vulnerabilities exist in the security of the law enforcement officer flying armed program. Currently, TSA does not have an automated system for validating the legitimacy of most law enforcement personnel. Inspections of federal law enforcement officers are performed through visual examination of badges, credentials, and various documentation. Our report contained five recommendations to strengthen the armed law enforcement officer specialized screening process. TSA concurred with three of our recommendations, partially concurred with one, and did not concur with one.

(OIG-09-99, September 2009, OA)

http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-99_Sep09.pdf

Effectiveness of the Department of Homeland Security Traveler Redress Inquiry Program (Redacted)

In response to a request from U.S. Representative Bennie G. Thompson, Chairman of the House Committee on Homeland Security, we reviewed the effectiveness of DHS' Traveler Redress Inquiry Program, or DHS TRIP. DHS TRIP offers redress-seekers a central point of intake to redress their travel difficulties. The program coordinates cases involving multiple agencies and has created a forum for redress personnel from different agencies to assist one another.

DHS TRIP has made several improvements in traveler redress efforts across the federal government; however, it has significant room for improvement. DHS TRIP will not be able to expand upon these improvements unless the department takes basic steps to reinforce the IT and organizational and financial supports to the program. DHS must also take immediate action to provide for more meaningful redress outcomes if DHS TRIP is to retain public confidence and trust.

Other key improvements are called for in the areas of security, reliability, timeliness, and performance management. We made 24 recommendations to improve the oversight, management, and effectiveness of DHS TRIP.

(OIG-09-103, September 2009, ISP)

http://www.dhs.gov/woig/assets/mgmtrpts/OIG-09-103r_Sep09.pdf

INVESTIGATIONS

TSA Supervisor Pleads Guilty to Forging Judge's Signature

A supervisory Transportation Security Officer (TSO) with TSA pleaded guilty to one count of Title 18 USC 505 – Forging Judges' Signatures. Our investigation resulted in the former TSA employee admitting to forging a judge's signature on a fraudulent release order that was calculated to release her husband, who was serving a life sentence for murder. The former TSA employee is scheduled for sentencing later this year.

TSA Employee Pleads Guilty to HUD Fraud

A TSA baggage screener was terminated by TSA due to her involvement with a fraudulent scheme involving the HUD Section 8 Benefit Program. We conducted a joint investigation with HUD OIG that resulted in her indictment for violations of 18 USC 641, Theft of Government Funds, to which she pleaded guilty earlier this year. Sentencing has been scheduled for later this year. The former TSA employee was the recipient of \$21,310 in Section 8 housing payments. Specifically, she provided false information to HUD denying that she was employed by TSA, and continued to receive payments.

TSA Baggage Screener Sentenced in Theft Investigation (Update 10/01/08-3/31/09 SAR)

A former TSO was sentenced to 37 months in custody and 2 years' supervised release, and fined \$8,285 for stealing cameras, laptop computers, and dozens of other items from checked luggage at a large U.S. international airport. The TSO pleaded guilty and admitted that he regularly rooted through suitcases and bags to steal video equipment,

jewelry, GPS systems, cell phones, electronic games, and other expensive items totaling between \$200,000 and \$400,000.

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

MANAGEMENT REPORTS

The Special Immigrant Nonminister Religious Worker Program

The Special Immigrant Nonminister Religious Worker Program Act mandated that we examine USCIS regulations that were published in November 2008 to decrease benefit fraud. Our letter report reviewed USCIS actions before and after the implementation of the regulations. We concluded that measuring the level of decreased fraud in the Special Immigrant Nonminister program was difficult, although the new regulation took reasonable steps to protect the integrity of the program. We made five recommendations. USCIS needs to track petition denials for special immigrant ministers and nonministers. Also, more public information is necessary to improve petitions for nonminister benefits. Additional use of available Internal Revenue Service data on the tax-exempt status of religious organizations can improve program integrity. Additionally, we recommended greater interaction between adjudications and fraud staff, as well as an expansion of site visit policies to verify regulatory compliance after nonminister immigration benefits are issued.

(OIG-09-79, June 2009, ISP)

http://www.dhs.gov/woig/assets/mgmtrpts/OIG_09-79_Jun09.pdf

U.S. Citizenship and Immigration Services' Progress in Modernizing Information Technology

In 2005, USCIS embarked on an enterprise-wide program to transform its fragmented, paper-based business process to a flexible and efficient process supported by an integrated technical environment. We conducted a followup audit to our 2005 and 2006 reports to determine USCIS' progress in implementing IT transformation initiatives.

USCIS has strengthened overall IT management by restructuring its Office of Information Technology (OIT) and realigning field IT staff under this structure. Further, OIT has improved IT governance functions and issued guidelines for local IT development. However, the Chief Information Officer (CIO) has been impeded by insufficient staffing and ineffective IT budget authority. In addition, although USCIS has made improvements to its IT infrastructure, current efforts are stalled for insufficient funds. We recommend that the Deputy Director of USCIS (1) develop an updated transformation approach, strategy, or plan to communicate end-state business processes and IT solutions to stakeholders, (2) develop and implement a plan to achieve sufficient and consistent stakeholder participation in process reengineering and requirements definition activities, (3) complete evaluations to document the results and lessons learned from the pilot and proof-of-concept programs, (4) develop a USCIS OIT staffing plan that includes specific actions and milestones for recruiting and retaining full-time employees, (5) communicate guidelines and procedures for acquiring, developing, and managing IT solutions, as defined by the DHS and USCIS CIOs, to stakeholders, and (6) provide the CIO agency-wide budget and investment review authority for all USCIS IT initiatives and system development efforts.

(OIG-09-90, July 2009, IT-A)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-90_Jul09.pdf

INVESTIGATIONS

USCIS Employee Guilty of Fraudulent Visa Application

A USCIS Immigration Adjudicator was found guilty by a federal jury of a fraud and bribery scheme and conspiracy to encourage and induce aliens to come and reside in the United States. He was subsequently sentenced to 3 years and 4 months in prison. Our investigation determined that the USCIS employee took action to bring a foreign national couple to this country based on fraudulent work visas and was paid \$100,000 to get the couple into the United States.

Three Individuals Convicted of Immigration and Identity Fraud

Our investigation determined that the three nonemployees, one of whom was claiming to be a DHS immigration official, were part of a scheme to defraud aliens by soliciting payments from them in return for falsely promising to provide them with “green cards” or work permits. The defendants, after receiving payments, prepared false immigration documents using personal information belonging to identity theft victims. As a result of the scheme, the defendants collected more than \$426,770 from the aliens/victims. Our investigation resulted in the conviction and sentencing in federal court of all three individuals (non-DHS employees) for conspiracy to commit wire fraud and making false statements in immigration papers.

UNITED STATES COAST GUARD

MANAGEMENT REPORTS

U.S. Coast Guard’s Plan to Improve Deepwater Accountability

In response to a congressional request, we initiated a review of the USCG’s plans to hold the prime contractor for its Integrated Deepwater System Program accountable for problems associated with the acquisition of five assets: the National Security Cutter, the 110/123’ Patrol Boat, the Fast Response Cutter, the Short-Range Prosecutor, and the Vertical-Takeoff-and-Landing Unmanned Aerial Vehicle. In June 2002, the USCG awarded Integrated Coast Guard Systems an initial 5-year base term contract to serve as the Deepwater systems integrator. The USCG has since invested more than \$1.8 billion to acquire these five assets. The USCG is taking steps to recoup approximately \$96 million in damages for structural problems on the eight 110/123’ patrol boats.

(OIG-09-75, June 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-75_Jun09.pdf

U.S. Coast Guard's Acquisition of the Vertical-Takeoff-and-Landing Unmanned Aerial Vehicle

In June 2007, after 5 years of effort and a total of \$113.7 million in expenditures and outstanding obligations, the USCG terminated the Vertical-Takeoff-and-Landing Unmanned Aerial Vehicle acquisition. Internal USCG analyses recommended program cancellation due to unresolved developmental risks and increased costs. The USCG had initiated the acquisition without assurance that the aircraft would be able to operate in a manner to meet the USCG's mission needs without restrictions. Without the Vertical-Takeoff-and-Landing Unmanned Aerial Vehicle, the aerial surveillance capability of the National Security Cutter is reduced from 58,160 square nautical miles to 18,320 square nautical miles, a 68% reduction. We recommended that the USCG document its short-term strategy to mitigate the maritime surveillance gap resulting from the cancellation. Additionally, the USCG needs to work with the Federal Aviation Administration and the International Civil Aviation Organization to ensure that future unmanned aircraft meet regulatory requirements that may otherwise restrict operation in national and international airspace.

(OIG-09-82, June 2009, OA)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-82_Jun09.pdf



Bell Eagle Eye Demonstrator Aircraft

Review of U.S. Coast Guard Enterprise Architecture Implementation Process

The USCG is developing and implementing an enterprise architecture to support its business processes and IT decision making. The USCG has made progress in developing its enterprise architec-

ture by defining its framework in alignment with both federal and DHS architectures. However, the USCG enterprise architecture is not yet fully integrated across the USCG. Additionally, USCG enterprise architecture planning and documentation have not been completed. USCG enterprise architecture management stated that a shortage of staff has been the main reason for not completing enterprise architecture planning and documentation. We recommended that the Commandant of the USCG (1) complete and integrate the enterprise architecture data profiles, models, and inventories, (2) complete required enterprise architecture documentation, and (3) provide the Office of Enterprise Architecture and Governance with sufficient resources to complete required enterprise architecture activities.

(OIG-09-93, July 2009, IT-A)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-93_Jul09.pdf

DHS' Strategy and Plans to Counter Small Vessel Threats Need Improvement

DHS recognizes that small vessels pose a threat to our ports, waterways, and maritime borders. In April 2008, the department published the Small Vessel Security Strategy to address these potential threats and began developing an Implementation Plan.

Overall, the department has made progress, but more remains to be done to provide effective guidance and operate effective programs to address small vessel threats. The Small Vessel Strategy does not address all the desirable characteristics of an effective national strategy. It does not address, for example, performance measures, associated costs or human capital, or accountability and oversight frameworks. Additionally, critical programs intended to support small vessel security may not be operating effectively. Our report contained two recommendations to strengthen the effectiveness of the department's small vessel security approach. (OIG-09-100, September 2009, OA)

http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-100_Sep09.pdf

The United States Coast Guard's Program for Identifying High Interest Vessels

We reviewed the USCG's High Interest Vessel Program to determine whether improvements can be made to the application and oversight of the risk-based scoring matrix used to identify high interest vessels that could pose security risks to the United States. We determined that USCG personnel are not consistently interpreting the guidance for completing the scoring matrix, resulting in inaccurate vessel scores. We also found matrix reporting errors, inconsistent scoring data archiving practices, and the need for an effective mechanism to evaluate overall program performance. The USCG generally agreed with our recommendations to clarify its matrix scoring guidance, complete the automation of the matrix scoring process, and develop and implement a performance mechanism to evaluate the High Interest Vessel scoring matrix implementation. (OIG-09-107, September 2009, OA)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-107_Sep09.pdf

INVESTIGATIONS

Former Coast Guardsman Sentenced for Extortion (Update – 10/01/08-3/31/09 – SAR)

A former USCG First Class Petty Officer was sentenced in federal court after his conviction on the charge of violation of 18 USC 87, Extortion by an Officer of the United States. He received 24 months' incarceration and 1 year of probation, and was ordered to pay a \$2,500 fine. We arrested the Petty Officer after our investigation showed he had impersonated a federal immigration official to demand, seek, and receive more than \$37,000 from the family of an illegal immigrant. Substantial evidence was obtained through numerous undercover operations, recorded telephone conversations, and a search warrant, which substantiated the criminal allegations.

Coast Guard Investigative Service Agent Supervisor Convicted and Sentenced for Theft and Unlawful Use of Seized Property

A Supervisory Agent with the USCG Investigative Service entered a plea of guilty to one count of 18 USC 641: Theft of Public Money or Property. He was subsequently sentenced to make restitution in the amount of \$2,000, serve a term of 24 months' supervised probation, and pay a special assessment fee in the amount of \$25.

UNITED STATES CUSTOMS AND BORDER PROTECTION

MANAGEMENT REPORTS

Progress in Addressing Secure Border Initiative Operational Requirements and Constructing the Southwest Border Fence

CBP has made progress in identifying the Border Patrol's operational requirements for technology and tactical infrastructure. However, Border Patrol assessments could better document and define operational requirements for tactical infrastructure to ensure that border fence construction is linked to resource decisions and mission performance goals.

As of September 30, 2008, CBP had completed about half of the 670 miles of fence that the Secretary determined would be most practical and effective. Although the Secretary waived environmental requirements in April 2008, CBP continues to face several other challenges, such as land acquisition, which has impeded fence construction progress. As a result, CBP did not meet its goal of completing 670 miles of fence by December 31, 2008. CBP informed us that it altered the goal from completing 670 miles of fencing to having 90% to 95% under construction or under contract by the end of 2008. Also, CBP has not fully staffed its Tactical Infrastructure Program Management Office or fully developed the management information systems used to support this office. We made four recommendations to CBP to help improve its management of tactical infrastructure fencing construction. CBP concurred with all four recommendations.

(OIG-09-56, April 2009, OA)
http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-56_Apr09.pdf

Information Technology Management Letter for the FY 2008 Customs and Border Protection Financial Statement Audit (Redacted)

KPMG, under contract with the OIG, conducted the audit of CBP Consolidated Financial Statements as of September 30, 2008, and 2007. KPMG noted that CBP took corrective action to address many prior years' IT control weaknesses. However, during FY 2008, KPMG continued to find IT general control weaknesses at CBP. The most significant weaknesses from a financial statement audit perspective related to access controls and service continuity. Collectively, the IT control weaknesses limit CBP's ability to ensure that critical financial and operational data are maintained in such a manner as to ensure confidentiality, integrity, and availability. In addition, these weaknesses negatively impact the internal controls over CBP's financial reporting and its operation, and collectively represent a material weakness.

(OIG-09-59, April 2009, IT-A)
http://www.dhs.gov/woig/assets/mgmttrpts/OIGr_09-59_Apr09.pdf

Better Oversight Needed of Support Services Contractors in Secure Border Initiative Programs

CBP did not establish adequate controls and effective oversight of contract workers responsible for providing Secure Border Initiative (SBI) program support services. CBP relied on contractors to fill skill gaps and get the program under way. CBP continues to rely heavily on contract personnel, who constitute more than 50% of the SBI workforce. This heavy reliance on contractors increases the risk of CBP losing control of decision making in SBI program management. Furthermore, CPB did not clearly distinguish between roles and responsibilities that are appropriate for contractors and those that must be performed by government employees. CBP also did not provide an adequate number of contracting officer's technical representatives to oversee support services contractors' performance. As a result, contractors

are performing functions that should be performed by government workers. CBP concurred with our recommendations to mitigate the risk of reliance on support contractors.

(OIG-09-80, June 2009, OA)
http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-80_Jun09.pdf

CBP's Construction of Border Patrol Facilities and Acquisition of Vehicles

CBP's planning and oversight of design and construction of its Border Patrol facilities needs improvement. Current planning is based on an out-of-date facilities design guide that does not include all current requirements or provide accurate construction cost estimates. CBP also needs uniform policies and procedures and a comprehensive information system to oversee construction projects. In addition, CBP did not complete 56 (77%) of the 73 rapid response facilities projects it planned to complete in 2008. These projects include new facilities, modifications to existing facilities, and temporary solutions to accommodate new agents and shifting agent deployments.

CBP has not replaced Border Patrol vehicles at the recommended 20% annual rate and does not have an adequate centralized information system to monitor vehicle availability.

CBP initiated steps for facilities planning and oversight, including updating its Design Guide and adding a tool to improve space planning and cost estimation. We made six recommendations to CBP. CBP agreed with the recommendations to enhance planning and control of facilities projects and to ensure that a centralized vehicle management information system is implemented.

(OIG-09-91, July 2009, OA)
http://www.dhs.gov/woig/assets/mgmttrpts/OIG_09-91_Jul09.pdf

CBP Needs to Improve the Monitoring of the Cash Collection Process

CBP has in place several good practices designed to mitigate cash collection and deposit risk at the ports of entry. However, CBP's internal controls could be improved, such as adequately validating

self-inspection results and providing guidance and oversight. CBP could lessen its risk of cash being lost, stolen, or inappropriately used by establishing a proactive, independent oversight process for ensuring effective accounting for, and safeguarding of, its cash collections and deposits. Our report contained three recommendations aimed at improving the monitoring of the cash collection process. CBP concurred with two recommendations and partially concurred with one, agreeing to improve the monitoring of the cash collection process. We consider the recommendations resolved, but they will remain open pending receipt and review of documentation.

(OIG-09-105, September 2009, OA)

http://www.dhs.gov/woig/assets/mgmtrpts/OIG_09-105_Sep09.pdf



A CBP Officer inspects a Truck at a Port for Radioactive Material

INVESTIGATIONS

CBPO Pleads Guilty to Alien and Narcotic Smuggling

Our investigation resulted in the arrest and conviction of a U.S. Customs and Border Protection Officer (CBPO) for alien smuggling, narcotic smuggling, bribery, and conspiracy. During the course of our investigation, we seized \$85,000, which was later forfeited to the government as part of his plea agreement.

Border Patrol Agent Sentenced to 14 Years for Bribery

Our investigation determined that a U.S. Border Patrol Agent (BPA) had accepted bribes totaling \$14,000 to help escort 25 kilograms of cocaine

across the border. He also aided and abetted his cousin, a former BPA, by escorting a separate 20-kilogram load of cocaine across the border. The BPA was convicted and sentenced to a 14-year prison term and an \$11,000 fine. The cousin had been previously convicted and sentenced for the smuggling.

Three Contract Detainee Transportation Officers Plead Guilty

We investigated an allegation that three Transportation Officers (TOs), contracted by CBP to transport detainees, accepted bribes to transport detainees to Los Angeles, California, and release them instead of deporting them to Mexico. We determined that these TOs had conspired with another individual and that each illegal alien released paid \$2,500 to the contract officers. One of the TOs pleaded guilty to misprision of a felony and was sentenced to time served and 3 years' probation. A second TO pleaded guilty to a 10-count indictment charging fraud and misuse of visas, permits, and other documents and was sentenced to 109 days' incarceration and 2 years' probation. The third TO, who pleaded guilty to procurement of citizenship or naturalization unlawfully and filing a false tax return, is awaiting sentencing.

CBPO Convicted of Providing Fraudulent Documents to Illegal Aliens

We conducted an undercover investigation of a CBPO who accepted bribes in exchange for providing illegal aliens with fraudulent immigration documents that adjusted their immigration status. After his arrest, the CBPO also admitted to improperly accessing law enforcement database records and participating in money-laundering activities. He pleaded guilty to fraud and misuse of visas, permits, and other documents, and was sentenced to 2 years' probation and 100 hours' community service.

CBPO Pleads Guilty to False Statement

We investigated allegations that a CBPO accepted money to allow ineligible aliens to enter the United States, participated in fraudulent mortgage transac-

tions, and made unauthorized queries of a law enforcement database. An undercover operative posed as an illegal alien being detained on suspicion of money laundering at a U.S. airport and arranged for the CBPO to translate an interview. During the interview, the CBPO coached the detainee and withheld relevant information from the agents. He pleaded guilty to providing false statements and will be sentenced later this year.

Three DHS Employees Charged With Airport Drug Smuggling

We investigated an allegation that a TSA Supervisory TSO participated in the smuggling of narcotics through a checkpoint at a U.S. international airport. Our investigation determined that the TSO conspired with a CBPO to facilitate an international smuggling operation. The TSO was indicted and pleaded guilty to one count of attempt to distribute and possess a controlled substance. We also arrested the CBPO and two of his family members.

CBPO Found Guilty of Sexual Exploitation of a Minor

Following a trial in United States District Court, a jury found a CBPO assigned to the northern border guilty on two counts in violation of sexual exploitation of children, and certain activities relating to material involving the sexual exploitation of minors. The CBPO was the subject of a restraining order pertaining to inappropriate contact with a minor female child. North Dakota 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.

Former INS Employee Pleads Guilty to Impersonation of Government Employee

We arrested a former Immigration and Naturalization Service (INS) employee following an

undercover meeting during which he impersonated an immigration 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 information regarding other allegedly corrupt immigration officials. This was the individual's third federal conviction since 1996 for participating in similar schemes to defraud aliens.

Individual Guilty of Impersonating Law Enforcement Officer

We conducted an investigation with New Mexico state law enforcement after receiving information that an individual impersonated a BPA and attempted to detain a female who he pulled over in a traffic stop. Our investigation led to the imposter's arrest. A United States District Court jury found the individual guilty and sentenced him to time served. He was also charged with one count of false imprisonment and two counts of impersonating a peace officer by the State of New Mexico and found guilty after a jury trial. The individual remains in custody in a New Mexico state facility.

CBPO and ICE Special Agent Plead Guilty to Credit Card Fraud

A CBPO and an ICE Special Agent were arrested following our investigation for misuse of fleet credit cards. The two authorized the fraudulent charging of Border Patrol credit cards for \$55,479 in personal goods and services. They also conspired with two civilian employees of a local business to create fraudulent invoices to hide the true nature of the purchases. The two civilian employees, who received large markups and increased business during the scam, both pleaded guilty.

CBPO Sentenced for Bribery (Update 10/01/08-3/31/09 SAR)

Our investigation resulted in a CBPO at a large international airport being sentenced in federal court to 10 years in prison, following his guilty plea to a three-count indictment charging conspiracy to commit offense or to defraud the United States, and bribery of public officials and witnesses. The CBPO

was arrested last year by us and the ICE Office of Investigations in coordination with the New York Organized Crime Drug Enforcement Strike Force, following a long-term investigation into a network of individuals importing large quantities of controlled substances and other contraband into the United States through a U.S. international airport.

UNITED STATES IMMIGRATION AND CUSTOMS ENFORCEMENT

MANAGEMENT REPORTS

Federal Protective Service Contract Guard Procurement and Oversight Process

The mission of the Federal Protective Service (FPS) is to render federal properties safe and secure for employees, officials, and visitors in a professional and cost-effective manner. FPS uses contract guards to fulfill its responsibility for the security of federal properties and personnel across the Nation.

FPS did not use consistent selection practices to award guard contracts, which may lead to disparate levels of service quality and open the agency to public criticism. Additionally, FPS contract oversight activities did not ensure that contractors were deploying qualified guards and satisfying contract requirements. The agency did not consistently perform or document guard and post inspections, monitor certification records, review invoices, pursue deductions for violations, or evaluate performance. Until these shortfalls are addressed, the agency cannot ensure that guards are complying with contract requirements or effectively use past performance as an evaluation factor in guard service procurements. We made six recommendations to FPS, which should strengthen policies and procedures for the contract guard program. We also addressed the need for an information system and sufficient resources for the agency to procure and oversee guard service contracts.

(OIG-09-51, April 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-51_Apr09.pdf

Immigration and Customs Enforcement Detention Bedspace Management

ICE is the investigative arm of the department responsible for enforcing immigration laws. ICE's Office of Detention and Removal Operations is responsible for removing illegal aliens and, when appropriate, safely and securely detaining aliens pending removal. Since 2005, ICE has pursued a comprehensive interior enforcement strategy composed of concurrent efforts to identify and remove criminal aliens, fugitives, and other immigration violators. The strategy focuses on ending the practice of "catch and release" of apprehended aliens. Detaining versus releasing aliens has increased the demand for detention bedspace. In March 2007, ICE developed its National Detention Management Plan to address the demand for adequate bedspace to hold aliens while they are processed for removal. However, ICE has not implemented its plan for cost-effectively acquiring detention bedspace. ICE has continued to rely on ad hoc use of intergovernmental service agreements to meet increased detention bedspace requirements. We concluded that ICE has limited assurance that it is acquiring the necessary detention bedspace in a cost-effective manner. We recommended that the Acting Assistant Secretary of ICE update the plan for cost-effective acquisition of detention bedspace, establish adequate and effective financial management controls, and improve data-gathering and analysis capabilities.

(OIG-09-52, April 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-52_Apr09.pdf



Immigration and Customs Enforcement officers making arrests.
Source: ICE News Media Photo Gallery

Review of Immigration and Customs Enforcement's Expenditure Plan

We reviewed ICE's plan to spend Recovery Act funds in the amount of \$20 million to procure and deploy tactical communications equipment and radios. ICE generally developed a practical and comprehensive plan; however, it will not meet the quick-start activities Recovery Act goal. Additionally, OIG identified opportunities for ICE to better collaborate with CBP to procure and modernize tactical communications systems. We recommended that the Assistant Secretary for ICE, in conjunction with CBP, develop detailed plans for ensuring that Recovery Act funds are used to modernize tactical communications equipment in a cost-effective manner that will meet their respective mission needs and ensure interoperability. ICE concurred with our facts, conclusions, and recommendations.

(OIG-09-108, September 2009, OA)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-108_Sep09.pdf

INVESTIGATIONS

ICE Special Agent Guilty of Corruption

We conducted an investigation of a ICE Special Agent, who subsequently pleaded guilty to charges of receiving a gratuity by a public official. The ICE agent was arrested following a 3-year undercover operation conducted by us and ICE Office of Professional Responsibility, (OPR) during which the ICE agent received kickbacks from informants and disclosed information to criminal investigative subjects to help them avoid capture by law enforcement. He also took money to help smuggle illegal aliens, including Chinese national into the country beginning in 2004. He has been terminated by ICE and faces a maximum sentence of 2 years' imprisonment and a possible fine in the amount of \$250,000.



ICE enforces the Nation's immigration laws fairly and a key mission is to ensure that every alien who has been ordered for removal departs the United States

Alien Pleads Guilty to Marriage Fraud

Our investigation resulted in an individual being sentenced to 10 months' incarceration and 3 years' supervised release for conspiracy to commit offense or to defraud the United States. The individual was not a DHS employee, but conspired with a former ICE Detention and Removal Acting Field Office Director (FOD) to commit marriage fraud. The subject, a native of Lebanon, entered into a fraudulent marriage with a U.S. citizen that was arranged by coconspirators for the purpose of evading immigration laws and obtaining permanent resident status. The fraudulent marriage was discovered during the routine interview process. The acting FOD interceded on the individual's behalf, knowing the marriage was fraudulent. The individual's immigration benefits were granted, which eventually resulted in his obtaining permanent resident status. The acting FOD was recently sentenced for conspiracy to commit bribery and defraud the U.S. government, and misprision of a felony for his involvement in this scheme and many others. We conducted this investigation jointly with the U.S. Attorney's Office, FBI, Internal Revenue Service, ICE Office of Detention and Removal, ICE Chief Counsel's Office, and the Michigan State Police.

Individual Convicted of Impersonation of Federal Agent

We investigated a complaint that a supposed DHS employee was selling sensitive law enforcement data. Through multiple undercover operations and electronic surveillance techniques, we were able to obtain evidence that the individual was impersonating an INS Special Agent and attempting to sell FBI investigative information. During an undercover operation, we monitored the payment to the individual, who displayed a badge, firearm, and handcuffs in an attempt to substantiate his false claim of being an INS Agent. The offender pleaded guilty to impersonation of a federal officer, and was sentenced to pretrial diversion (PTD) in consideration of his cooperation with the investigation.

ICE Agent Caught by NBC TV Operation Predator

We assisted in the investigation an ICE Special Agent who was found guilty by a state jury of violation of California Penal Code; attempted lewd act with a child under 14. The ICE agent made contact with an individual on the Internet he believed to be a female minor and made arrangements to meet the minor at her residence. Upon his arrival at the minor's residence, he was filmed by NBC's Operation Predator and then arrested by local police. He is scheduled to be sentenced at a later date in County Superior Court. The ICE agent was terminated from his position while awaiting trial. This case was investigated by Riverside County Sheriff's Office with administrative assistance provided by our agency.

Former ICE Deportation Officer Sentenced in Foreign Child Sex Case

We conducted an investigation of a Deportation Officer, ICE, which determined that the deportation officer, while on official travel duty outside the United States, had sex with a minor and took pictures of the sex act. He subsequently returned to the United States with the sexually explicit pictures. Significant assistance and cooperation

in this investigation was provided by ICE Office of International Affairs and OPR. The employee pleaded guilty and was sentenced to 15 years in federal prison and was ordered to pay \$28,000 in victim restitution.

ICE Contract Security Guard Sentenced for Smuggling Drugs Into Detention Facility

We investigated an ICE contract security guard at a County Detention Center who was sentenced in federal court to 5 months' probation and 6 months' home confinement. We previously received information that an unidentified DHS contract security guard was smuggling marijuana into the detention center and providing the marijuana to the detainees. We subsequently identified the corrupt employee and arranged a controlled undercover operation in which the employee was recorded as he agreed to smuggle cocaine into the facility. We arrested him outside the facility and he admitted to his involvement in narcotics smuggling.

MULTIPLE COMPONENTS

MANAGEMENT REPORTS

DHS' Progress in Addressing Technical Security Challenges at Washington Dulles International Airport (Redacted)

We evaluated CBP and TSA activities security programs at the Washington Dulles International Airport in Chantilly, Virginia. Specifically, we addressed whether CBP and TSA have implemented corrective actions for the 2007 reported weaknesses and whether those actions comply with the department's and components' technical and information security policies and procedures. CBP and TSA have made significant progress in improving their technical security. However, further work is needed to comply with government policies and procedures.

We also made six recommendations to improve information technology security at the airport. CBP and TSA concurred with our recommendations and are addressing the findings. (OIG-09-66, May 2009, IT-A)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-66_May09.pdf

Status of Disaster Recovery Planning for Information Systems at the Nebraska Avenue Complex (Unclassified Summary)

We evaluated DHS and its organizational component disaster recovery programs at the Nebraska Avenue Complex. We determined whether DHS components at this facility made progress in resolving the disaster recovery deficiencies we reported in May 2005. Specifically, we evaluated the ability of the DHS Office of the Chief Information Officer and the Office of Intelligence and Analysis to restore information systems processing at an alternate site if access to this shared facility was disrupted.

The audit included an onsite verification and validation of facility operational security controls and a review of DHS policies, procedures, and other appropriate contingency planning documentation. While the department has strengthened its disaster recovery planning for the Nebraska Avenue Complex, more work is needed. We also made four recommendations to improve the department's progress in establishing its disaster recovery programs. DHS concurred with our recommendations and is already addressing the findings. (OIG-09-87, July 2009, IT-A)
http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-87_Jul09.pdf

Evaluation of DHS' Security Program and Practices for Its Intelligence Systems for Fiscal Year 2009

We reviewed the DHS' enterprise-wide security program and practices for its Top Secret/Sensitive Compartmented Information intelligence systems. Pursuant to FISMA, 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. The department continues to maintain an effective enterprise-wide 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 regarding the effectiveness of the program. Concerns with the plan of action and milestones process and the implementation of a formal information system security training and awareness program for intelligence personnel still exist. Further, the Intelligence and Analysis office, having become responsible for USCG intelligence systems reporting, has not provided a current authority to operate to USCG for its Intelligence Support System. Additionally, the Intelligence and Analysis office should continue to provide management oversight to ensure that USCG maintains an effective information technology security program and complies with FISMA and DHS requirements.

(OIG-09-92, July 2009, IT-A)

http://www.dhs.gov/xoig/assets/mgmttrpts/OIG_09-92_Jul09.pdf

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 68 reports containing 158 recommendations that have been unresolved for more than 6 months. Management decisions have not been made for significant reports, as follows:

12	FEMA-related financial assistance disaster audits
30	Program management reports
26	Single audit reports
<hr/>	
68	Total

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 153 legislative and regulatory proposals, draft DHS policy directives, and other items. Some of these items are highlighted below.

Proposed Rulemaking for Disaster Assistance, Public Assistance Repetitive Damage

We reviewed FEMA's proposed changes in the regulatory provisions concerning the government's reimbursement of public disaster assistance for applicants that have been repetitively damaged. The proposed rule would reduce the federal cost share of FEMA PA to public and certain private nonprofit facilities that are repetitively damaged in the preceding 10 years by the same type of event and same category of work for which required hazard mitigation has not been implemented. The goal is for the federal government to stop repetitively reimbursing eligible applicants for damage that could be prevented through mitigation efforts. We provided several comments related to the proposed rule's definitions; required number of events before a reduction in federal cost share would take place; protocols for recording latitude and longitude coordinates (an element we consider essential for implementation of the proposed rule); what adequately constitutes an appropriate mitigation measure; and the order of precedence between the proposed rule and FEMA's insurance purchase and maintenance requirements.

H.R. 1722 Telework Improvements Act of 2009 RM

H.R. 1722 proposed methods to improve teleworking programs in executive agencies by developing a policy that allows employees to telework at least 20% of the hours worked in every 2 administrative workweeks. We provided several comments related to (1) whether the intent of the bill's authors was to require a policy that permits all eligible employees to telework versus requiring agencies to make a determination about allowing eligible employees to telework; (2) the requirement for a GS-15 Telework Officer at the department and the component level; (3) whether any assistance agencies receive from the Office of Personnel Management would result in a charge for such support; and (4) how to determine the impact of telework policy on performance of agency employees, especially considering another part of the bill that states that there should be no differentiation between teleworkers and nonteleworkers in the employee appraisal process.

FEMA's Interim Rule on Public Assistance Eligibility 2nd IR (commonly referred to as "host state sheltering")

We reviewed an interim rule on PA to areas and individuals affected by declared emergencies and disasters. We provided several comments concerning assistance determinations and reimbursement for neighboring areas outside of the declared state. For example, we noted that the interim rule was unclear regarding reimbursement of sheltering and evacuation costs for the declared state versus neighboring areas.

***Homeland Security Acquisition Regulation
Proposed Rule—Revision of DHS Acquisition
Regulation; Restrictions on Foreign Acquisitions***

We reviewed the proposed rule that addresses restrictions on foreign acquisitions by the department. DHS indicated that the rule would not have a significant economic impact on a substantial number of small entities as defined in the Regulatory Flexibility Act because the number of items covered by this rule will likely be a very small percentage of the DHS procurement volume. DHS certified under 5 U.S.C. 605(b) that this proposed rule will not have a significant economic impact on a substantial number of small entities.”

We advised DHS that according to 5 USC 605(b), DHS needs to provide a “factual basis” for certifying that the rule will not have a significant economic impact on a substantial number of small entities. We suggested that the department define “likely” and “very small” and provide a dollar value for its expected “procurement volume”.

***S.B. 942 – United States Government
Charge Cards***

The bill required agency executives and Inspectors General to jointly report to OMB on violations or other actions covered by the bill. We recommended removing the OIG reporting requirements from the bill. The OIG is already required by statute to report its activities semiannually to the Congress. The semiannual report to Congress includes a list of management reports issued, including followup reports on the implementation of recommendations. An additional mandate to report to OMB would be duplicative and create an administrative burden on the OIG.

In addition, the requirement to report to OMB “on the implementation of recommendations made to the head of the executive agency to address findings of any analysis or audit” (section 2(d)4) implies that the OIG would need to conduct additional followup audits to ensure that any recommendations are implemented. However, the bill did not provide funding to conduct such audits and thus would further restrict our ability to provide oversight to the DHS. We recommended replacing current bill language with language requiring the head of each executive agency to reimburse each Inspector General of such agency for the costs of additional assessments, audits, and analyses required by the bill.

DoD/GSA/NASA - Final Rule - Federal Acquisition Regulation; American Recovery and Reinvestment Act of 2009 - Whistleblower Protections

The final rule establishes protections for whistleblowers and procedures for filing complaints. An employee who believes that he or she has been subjected to reprisal prohibited by the Recovery Act may submit a complaint regarding the reprisal to the Inspector General of the agency that awarded the contract. A strict reading of the rule is that complaints can be made only to the Inspector General of the agency. However, the rule under (c) states that a contracting officer who receives a complaint of reprisal of a specific type shall forward it to the OIG, and to other designated officials in accordance with agency procedures (e.g., agency legal counsel). We suggested that the language under (c) may create a protection gap for the whistleblower who makes a report to a contracting officer and not the Inspector General and create confusion about where to report complaints. We recommended that the specific reporting requirements be clarified.

Office of the Director of National Intelligence - Proposed Amendment to the National Security Act of 1947 Inclusion of an “Inspector General of the Intelligence Community”

The amendment would create within the Office of the Director of National Intelligence an Office of Inspector General for the intelligence community. We recommended revisions to several definitions; adding specific duties and responsibilities related to informing Congress, reviewing legislations and personnel authorities; clarifying rights and privileges related to obtaining documents, testimony, administering oaths, working jointly with other OIG, and communicating with the Director of National Intelligence (DNI); granting full law enforcement authority and responsibilities, as given to other Inspectors General per § 6(e) of the Inspector General Act to carry firearms, make arrests, and execute warrants; and delete certain required concurrences by the DNI, the DNI’s role in receiving complaints made to the Inspector General, and the requirement that the Inspector General’s counsel have prior experience in the field of intelligence and national security law.

CONGRESSIONAL TESTIMONY AND BRIEFINGS



The Inspector General and senior executives testified before congressional committees four times. Testimony prepared for these hearings may be accessed on our website at www.dhs.gov/xoig.

We testified on the following issues:

- April 21, 2009 – Senate Ad Hoc Subcommittee on Contracting Oversight Committee on Homeland Security and Governmental Affairs, on Improving the Ability of Inspectors General to Detect, Prevent, and Prosecute Contracting Fraud
- July 8, 2009 – House Committee on Homeland Security, on FEMA Housing: An Examination of Current Problems and Innovative Solutions
- July 15, 2009 – House Subcommittee on Transportation Security and Infrastructure Protection Committee on Homeland Security, on General Aviation Security: Assessing Risks and the Road Ahead OIG-09-69 (TSA's Role in General Aviation Security)
- September 15, 2009 – House Subcommittee on Management, Organization, and Procurement, Committee on Oversight and Government Reform, on Investment Management and Acquisition Challenges at the Department of Homeland Security

We briefed congressional members and their staff at a steady pace throughout the reporting period. Our office conducted 35 briefings for congressional staff on the results of our work, including reviews of (1) TSA's Management of Aviation Security Activities at Jackson-Evers International and Other Airports (OIG-08-90), (2) FPS Contract Guard Procurement and Oversight Process (OIG-09-51), (3) Challenges Facing FEMA's Disaster Contract Management (OIG-09-70), and (4) S&T's Process for Funding Research and Development Programs (OIG-09-88). We attended meetings to discuss other congressional concerns including DHS' request to reprogram SBInet funds, CBP Certification of the Analytical Framework for Intelligence Officers, TSA penetration testing, and our work regarding maritime and port security issues.

We also sought and received thoughtful input from the department and from our congressional oversight committees on our FY 2010 Annual Performance Plan to ensure that our stakeholders had an opportunity to participate in the development of our plan. We will continue to meet with congressional members and staff to discuss the final 2010 plan in the fall of 2009. 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	193	\$488,228,547	\$96,518,221
Minus prior period adjustments (a)	51	\$364,261,534	\$61,084,107
B. Reports issued/processed during the reporting period with questioned costs	29	\$78,797,619	\$12,160,271
Total Reports (A+B)	171	\$202,764,632	\$47,594,385
C. Reports for which a management decision was made during the reporting period (b)	8	\$9,138,783	\$5,874,960
(1) Disallowed costs	6	\$8,484,473	\$5,648,687
(2) Accepted costs	4	\$654,310	\$226,273
D. Reports put into appeal status during period	0	\$0	\$0
E. Reports pending a management decision at the end of the reporting period	163	\$193,625,849	\$41,719,425
F. Reports for which no management decision was made within 6 months of issuance	134	\$114,828,230	\$29,559,154

Notes and Explanations:

- a) Adjustments were made to account for disaster assistance audit reports not previously accounted.
- b) Report totals in Section C may not always equal the total lines C (1) and C (2) because some reports contain both allowed and disallowed costs. In addition, resolutions 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	0	\$0
Prior and current period adjustments	20	\$7,207,536(a)
B. Reports issued during the reporting period	6	\$5,580,868
Total Reports (A+B)	26	\$12,788,404
C. Reports for which a management decision was made during the reporting period	4	\$1,025,310
(1) Value of recommendations agreed to by management	4	\$1,025,310
(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	22	\$11,763,094
F. Reports for which no management decision was made within 6 months of issuance	16	\$6,182,226

Notes and Explanations:

a) Includes \$912,731 in funds put to better use, as a result of our Technical Security Evaluation of U.S. Immigration and Customs Enforcement Activities at the Holifield Federal Building audit report (OIG-08-39), issued previously in May 2008.

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.res.

Appendix 2¹**Compliance – Resolution of Reports and Recommendations**

MANAGEMENT DECISION IS PENDING	
3/31/09:	
Reports open and unresolved more than 6 months	168
Recommendations open more than 6 months	244
9/30/09:	
Reports open more than 6 months	68
Recommendations open and unresolved more than 6 months	158
CURRENT INVENTORY	
Open reports at the beginning of the period	477
Reports issued this period	96
Reports closed this period	75
Open reports at the end of the period	498
ACTIVE RECOMMENDATIONS	
Open recommendations at the beginning of the period	2,429
Recommendations issued this period	496
Recommendations closed this period	710
Open recommendations at the end of the period ²	2,215

¹ Because the Office of Audits and the Emergency Management Oversight Office were reorganized, adjustments were made to beginning balances.

² This represents the total of all resolved and unresolved open recommendations as of September 30, 2009.

Appendix 3

Management Reports Issued

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
1. OIG-09-49	4/09	Compendium of Disaster Assistance Programs	\$0	\$0	\$0
2. OIG-09-50	4/09	Information Technology Management Letter for the FY 2008 DHS Financial Statement Audit (Redacted)	\$0	\$0	\$0
3. OIG-09-51	4/09	Federal Protective Service Contract Guard Procurement and Oversight Process	\$0	\$0	\$0
4. OIG-09-52	4/09	Immigration and Custom Enforcement Detention Bedspace Management	\$0	\$0	\$0
5. OIG-09-53	4/09	DHS Efforts to Address Lessons Learned in the Aftermath of Top Officials Exercises	\$0	\$0	\$0
6. OIG-09-54	4/09	Management Letter for the Audit of the Transportation Security Administration's Consolidated Balance Sheet as of September 30, 2008	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
7. OIG-09-55	4/09	Better Monitoring and Enhanced Technical Controls Are Needed to Effectively Manage LAN-A (Redacted)	\$0	\$0	\$0
8. OIG-09-56	4/09	Progress in Addressing Secure Border Initiative Operational Requirements and Constructing the Southwest Border Fence	\$0	\$0	\$0
9. OIG-09-57	4/09	Independent Auditors' Report on the Transportation Security Administration's Consolidated Balance Sheet as of September 30, 2008	\$0	\$0	\$0
10. OIG-09-58	04/09	National Flood Insurance Program Management Letter for DHS' FY 2008 Financial Statement Audit	\$0	\$0	\$0
11. OIG-09-59	4/09	Information Technology Management Letter for the FY 2008 Customs and Border Protection Financial Statement Audit (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
12. OIG-09-60	4/09	DHS' Progress in Disaster Recovery Planning for Information Systems	\$0	\$0	\$0
13. OIG-09-61	4/09	Independent Auditors' Report on FLETC FY 2008 Consolidated Financial Statement	\$0	\$0	\$0
14. OIG-09-62	4/09	Information Technology Management Letter for the FY 2008 Transportation Security Administration Financial Statement Audit (Redacted)	\$0	\$0	\$0
15. OIG-09-63	4/09	Information Technology Management Letter for the FY 2008 Federal Law Enforcement Training Center Financial Statement Audit (Redacted)	\$0	\$0	\$0
16. OIG-09-64	7/09	Role of the No Fly and Selectee Lists in Securing Commercial Aviation (Redacted)	\$0	\$0	\$0
17. OIG-09-65	5/09	The DHS Personnel Security Process	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
18. OIG-09-66	5/09	DHS' Progress in Addressing Technical Security Challenges at Washington Dulles International Airport (Redacted)	\$0	\$0	\$0
19. OIG-09-67	5/09	Independent Auditor's Report on Review of Department of Homeland Security Implementation of OMB Circular No. A-123	\$0	\$0	\$0
20. OIG-09-68	5/09	Independent Auditor's Report on TSA's FY 2008 Mission Action Plans included in the DHS FY 2009 Internal Control Playbook	\$0	\$0	\$0
21. OIG-09-69	5/09	TSA's Role in General Aviation Security	\$0	\$0	\$0
22. OIG-09-70	5/09	Challenges Facing FEMA's Disaster Contract Management	\$0	\$0	\$0
23. OIG-09-71	5/09	FEMA Policy Relating to Coastal Velocity Zones	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
24. OIG-09-72	5/09	Independent Auditor's Report on Auditability Assessment of the Department of Homeland Security's Statement of Budgetary Resources	\$0	\$0	\$0
25. OIG-09-73	5/09	Independent Auditor's Report on USCG's FY 2008 Mission Action Plans included in the DHS FY 2009 Internal Control Playbook	\$0	\$0	\$0
26. OIG-09-74	6/09	Advisory Report: Department of Homeland Security's Capabilities to Implement the American Recovery and Reinvestment Act of 2009	\$0	\$0	\$0
27. OIG-09-75	6/09	U.S. Coast Guard's Plan to Improve Deepwater Accountability (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
28. OIG-09-76	6/09	Independent Auditor's Report on FEMA's FY 2008 Mission Action Plans included in DHS' FY 2009 Internal Control Playbook	\$0	\$0	\$0
29. OIG-09-77	6/09	FEMA's Acquisition of Two Warehouses to Support Hurricane Katrina Response Operations	\$0	\$0	\$0
30. OIG-09-78	6/09	FEMA's Response to Hurricane Ike	\$0	\$0	\$0
31. OIG-09-79	6/09	The Special Immigrant Nonminister Religious Worker Program	\$0	\$0	\$0
32. OIG-09-80	6/09	Better Oversight Needed of Support Services Contractors in Secure Border Initiative Programs	\$0	\$0	\$0
33. OIG-09-81	5/09	Accountability for Property Purchased Through Grant Funding	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
34. OIG-09-82	6/09	U.S. Coast Guard's Acquisition of the Vertical-Takeoff-and-Landing Unmanned Aerial Vehicle	\$0	\$0	\$0
35. OIG-09-83	6/09	FEMA Response to Formaldehyde in Trailers (Redacted)	\$0	\$0	\$0
36. OIG-09-84	6/09	Computer Data Match of FEMA and HUD Housing Assistance Provided to Victims of Hurricane Katrina and Rita	\$0	\$0	\$0
37. OIG-09-85	6/09	FEMA's Temporary Housing Unit Program and Storage Site Management	\$0	\$0	\$0
38. OIG-09-86	6/09	Efforts to Identify Critical Infrastructure Assets and Systems	\$0	\$0	\$0
39. OIG-09-87	7/09	Status of Disaster Recovery Planning for Information Systems at the Nebraska Avenue Complex (Unclassified Summary)	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
40. OIG-09-88	7/09	The Science and Technology Directorate's Processes for Funding Research and Development Programs	\$0	\$0	\$0
41. OIG-09-89	7/09	Consolidated Report on DHS' Management of 2005 Gulf Coast Hurricane Mission Assignment Funding	\$0	\$0	\$0
42. OIG-09-90	7/09	U.S. Citizenship and Immigration Services' Progress in Modernizing Information Technology	\$0	\$0	\$0
43. OIG-09-91	7/09	CBP's Construction of Border Patrol Facilities and Acquisition of Vehicles	\$0	\$0	\$0
44. OIG-09-92	7/09	Evaluation of DHS' Security Program and Practices for Its Intelligence Systems for Fiscal Year 2009	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
45. OIG-09-93	7/09	Review of U.S. Coast Guard Enterprise Architecture Implementation Process	\$0	\$0	\$0
46. OIG-09-94	8/09	DHS Contracts Awarded Through Other Than Full and Open Competition During FY 2007	\$0	\$0	\$0
47. OIG 09-95	8/09	Challenges Remain in DHS' Efforts to Secure Control Systems	\$0	\$0	\$0
48. OIG-09-96	8/09	FEMA's Sourcing for Disaster Response Goods and Services	\$0	\$0	\$0
49. OIG-09-97	8/09	Transportation Security Administration Privacy Stewardship	\$0	\$0	\$0
50. OIG-09-98	9/09	Improved Management and Stronger Leadership Are Essential to Complete the OneNet Implementation	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
51. OIG-09-99	9/09	Penetration Testing of Law Enforcement Credential Used to Bypass Screening (Unclassified Summary)	\$0	\$0	\$0
52. OIG-09-100	9/09	DHS' Strategy and Plans to Counter Small Vessel Threats Need Improvement	\$0	\$0	\$0
53. OIG-09-101	9/09	Vulnerabilities Highlight the Need for More Effective Web Security Management (Redacted)	\$0	\$0	\$0
54. OIG-09-102	9/09	Potential Duplicate Benefits Between FEMA's National Flood Insurance Program and Housing Assistance Programs	\$0	\$0	\$0
55. OIG-09-103	9/09	Effectiveness of the Department of Homeland Security Traveler Redress Inquiry Program (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
56. OIG-09-104	9/09	Audit of Application Controls for FEMA's Individual Assistance Payment Application	\$0	\$0	\$0
57 .OIG-09-105	9/09	CBP Needs to Improve the Monitoring of the Cash Collection Process	\$0	\$0	\$0
58. OIG-09-106	9/09	Review of Department of Homeland Security's Expenditure Plan: Department Headquarters Consolidation	\$0	\$0	\$0
59. OIG-09-107	9/09	The United States Coast Guard's Program for Identifying High Interest Vessels	\$0	\$0	\$0
60. OIG-09-108	9/09	Review of Immigration and Customs Enforcement's Expenditure Plan	\$0	\$0	\$0
61. OIG-09-109	9/09	Evaluation of DHS' Information Security Program for FY 2009	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
62. OIG-09-110	9/09	Improvements to Internal Controls for FEMA's Individuals and Households Program Registration Process (Redacted)	\$0	\$0	\$0
63. OIG-09-111	9/09	Management Advisory Report: FEMA's Housing Strategy for Future Disasters	\$0	\$0	\$0
Total, Appendix 3			\$0	\$0	\$0

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-09-14	4/09	Hurricane Katrina Activities for Pascagoula School District, Pascagoula, Mississippi	\$1,124,500	\$0	\$64,485
2. DA-09-15	4/09	Hurricane Ivan Activities for Escambia County Sheriff's Office	\$2,136,710	\$1,530,540	\$0
3. DA-09-16	5/09	Seminole Tribe of Florida – Activities for 2004 and 2005 Florida Hurricanes	\$2,468,293	\$34,256	\$0
4. DA-09-17	5/09	Hurricane Wilma Activities for Town of Davie, Florida	\$752,142	\$0	\$0
5. DA-09-18	5/09	Review of Hurricane Katrina and Wilma Activities for Broward County, Florida	\$4,473,815	\$2,365,346	\$0
6. DA-09-19	7/09	Hurricane Katrina Activities for Pass Christian Public School District	\$333,432	\$0	\$0
7. DA-09-20	8/09	Harrison County School District, Mississippi	\$4,490,379	\$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
8. DA-09-21	8/09	Hurricane Georges Activities for Puerto Rico Electric and Power Authority	\$15,120,502	\$3,540,253	\$0
9. DA-09-22	8/09	Orange County, Florida	\$4,840,547	\$1,699,948	\$1,760,080
10. DA-09-23	8/09	City of Homestead, Florida	\$0	\$0	\$0
11. DA-09-24	8/09	City of Richmond, Virginia	\$611,918	\$0	\$24,219
12. DD-09-08	5/09	Jefferson Davis and Beaugard Electric Cooperatives	\$21,148,052	\$0	\$0
13. DD-09-09	5/09	Downtown Development District, New Orleans, Louisiana	\$261,016	\$0	\$0
14. DD-09-10	5/09	St Bernard Parish, Louisiana	\$0	\$0	\$0
15. DD-09-11	6/09	City of New Orleans Residential Solid Waste and Debris Removal	\$663,382	\$0	\$0
16. DD-09-12	6/09	Kiamichi Electric Cooperative, Inc., Wilburton, Oklahoma	\$3,928,857	\$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
17. DD-09-13	7/09	City of Muncie, Indiana	\$41,249	\$30,449	\$0
18. DD-09-14	8/09	City of Kettering, Ohio	\$0	\$0	\$0
19. DD-09-15	9/09	New Orleans City Park Improvement Association and Office of Facility Planning and Control	\$294,174	\$0	\$0
20. DD-09-16	9/09	Audit of Licking Rural Electrification, Inc., Utica, Ohio	\$941,263	\$261,456	\$0
21. DD-09-17	9/09	City of New Orleans Community Correction Center, New Orleans, Louisiana	\$872,463	\$0	
22. DS-09-03	4/09	Ventura County Watershed Protection District, Ventura, California	\$0	\$0	\$0
23. DS-09-04	4/09	San Diego County, California	\$20,828	\$0	\$0
24. DS-09-05	5/09	California Department of Parks and Recreation, Sacramento, California	\$1,306,907	\$0	\$1,306,907

Appendix 4

Financial Assistance Audit Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
25. DS-09-06	6/09	Boone County Fire Protection District, Columbia, Missouri	\$752,453	\$285,533	\$0
26. DS-09-07	6/09	Snohomish County Public Utilities District No. 1, Everett, Washington	\$214,901	\$122,150	\$0
27. DS-09-08	7/09	City of Seattle, Washington	\$55,584	\$55,584	\$0
28. DS-09-09	7/09	City of Los Angeles Department of Water and Power	\$4,079,840	\$347,344	\$2,105,746
29. DS-09-10	8/09	City of Laguna Beach, California	\$774,129	\$17,176	\$0
30. DS-09-11	8/09	California Department of Fish and Game, Sacramento, California	\$3,675,925	\$1,115,183	\$319,431
31. DS-09-12	9/09	City of San Diego, California	\$19,347	\$0	\$0
32. DS-09-13	9/09	California Department of Water Resources	\$3,074,932	\$755,052	\$0
33. DS-09-14	9/09	City of Oakland, California	\$320,079	\$0	\$0
		Total , Appendix 4	\$78,797,619	\$12,160,270	\$5,580,868

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-08-02	11/07	Hurricane Katrina Activities for City of Pascagoula, Mississippi	\$725,237	\$692,945
2. DA-08-04	2/08	Hurricane Katrina Activities for Southern Pine Electric Power Association	\$1,055,606	\$1,055,606
3. DA-08-05	2/08	Hurricane Katrina Activities for Jackson County, Mississippi	\$537,130	\$177,695
4. DA-08-09	8/08	Hurricane Katrina Disaster Costs for Hancock County Port and Harbor Commission	\$5,019,617	\$5,019,617
5. DA-08-10	8/08	Hurricane Katrina Activities for Hancock Medical Center	\$2,163,694	\$2,163,694
6. DA-08-11	9/08	Hurricane Katrina Activities for Singing River Electric Power Association	\$223,454	\$349,951
7. DA-09-04	12/08	Hurricane Katrina Activities for Harrison County Wastewater and Solid Waste Management District	\$53,635	\$53,625
8. DA-09-14	4/09	Hurricane Katrina Activities for Pascagoula School District, Pascagoula, Mississippi	\$64,485	\$64,485
9. DA-09-24	9/09	City of Richmond, Virginia	\$611,918	\$611,918
10. GC-MS-06-25	3/06	Hurricane Katrina Activities for Biloxi, Mississippi	\$1,923,874	\$2,444,540
11. GC-MS-06-37	4/06	Hurricane Katrina Activities for Dixie Electric Power Association	\$207,068	\$207,068
12. OIG-07-45	5/07	TSA'S Management of Its Federal Employee Compensation Act (FECA) Program	\$275,000	\$275,000
13. OIG-09-34	3/09	USCG Management of 2005 Hurricanes Mission Assignment	\$226,273	\$0
14. INV	4/09 through 9/09	Recoveries as a result of investigations	\$8,554,524	\$8,554,524
		Total, Appendix 5³	\$21,641,515	\$21,670,668

Report Number Acronyms:

- DA Financial Assistance Disaster Audit, Atlanta Office
 DD Financial Assistance Disaster Audit, Dallas Office
 GC Gulf Coast Disaster Audits
 INV Recoveries, other than administrative cost savings, which resulted from investigative efforts

³ Recoveries may be greater than the original amounts due, because of issues relating to overfunding, interest on advanced funds, or underestimation of proceeds from the disposal of excess supplies and furniture, where applicable.

Appendix 6

Contract Audit Reports⁴

Report Category	Questioned Costs	Unsupported Costs	Disallowed Costs
We processed no contract audit reports meeting the criteria of the National Defense Authorization Act for FY 2008 during the reporting period April 1–September 30, 2009	N/A	N/A	N/A

⁴ 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

BPA	Border Patrol Agent
BEC	Beauregard Electric Cooperative, Inc.
Cal EMA	California Emergency Management Agency
CBP	United States Customs and Border Protection
CBPO	Customs and Border Protection Officer
CCC	Community Correctional Center
CIO	Chief Information Officer
CPIA	City Park Improvement Association
CR&CL	Office for Civil Rights and Civil Liberties
CSSP	Control Systems Security Program
DCA	Department of Community Affairs
DDD	Downtown Development District
DFG	Department of Fish and Game
DHS	Department of Homeland Security
DNI	Director of National Intelligence
EMO	Office of Emergency Management Oversight
FBI	Federal Bureau of Investigation
FEMA	Federal Emergency Management Agency
FISMA	Federal Information Security Management Act
FLETC	Federal Law Enforcement Training Center
FOD	Field Office Director
FPS	Federal Protective Service
GOHSEP	Governor's Office of Homeland Security and Emergency Preparedness
HMGP	Hazard Mitigation Grant Program
HSIN	Homeland Security Information Network
HUD	Housing and Urban Development
IAP	Individual Assistance Payment
ICE	United States Immigration and Customs Enforcement
IHP	Individuals and Households Program
INS	Immigration and Naturalization Service
ISP	Office of Inspections
IT	Information Technology
IT-A	Office of Information Technology-Audits
JDEC	Jefferson Davis Electric Cooperative, Inc.

Appendix 7

Acronyms (continued)

KEC	Kiamichi Electric Cooperative, Inc.
LMD	Logistics Management Directorate
LRE	Licking Rural Electrification, Inc.
MAP	Mission Action Plan
MEMA	Mississippi Emergency Management Agency
NCSD	National Cyber Security Division
NEMIS	National Emergency Management Information System
NIMS	National Incident Management System
NOC/SOC	Network Operation Center/Security Operation Center
NPSC	National Processing Service Centers
NRF	National Response Framework
O&M	Operations and Maintenance
OA	Office of Audits
ODEM	Oklahoma Department of Emergency Management
OFPC	Office of Facility Planning and Control
OIG	Office of Inspector General
OIT	Office of Information Technology
OMB	Office of Management and Budget
OPPC	Office of Privacy Policy and Compliance
OPR	Office of Professional Responsibility
PA	Public Assistance
PII	Personally Identifiable Information
PTD	Pretrial Diversion
PREPA	Puerto Rico Electric and Power Authority
SBA	Small Business Administration
SBI	Secure Border Initiative
TO	Transportation Officer
TRIP	Traveler Redress Inquiry Program
TRRPS	Transaction Record Reporting and Processing System
TSA	Transportation Security Administration
TSO	Transportation Security Officer
TWM	TWM Associates, Inc.
USCG	United States Coast Guard
USCIS	United States Citizenship and Immigration Services
VDEM	Virginia Department of Emergency Management
WAN	Wide Area Network

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, D.C. 20528

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

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 Edwards	Assistant Inspector General/Administration
Marta Metelko	Director, Congressional and Media Affairs
Denise S. Johnson	Executive Assistant to the Inspector General

Appendix 8 (continued)

OIG Headquarters/Field Office Contacts and Locations

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

Dallas, TX

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

San Juan, PR

San Juan, PR 00918
(787) 294-2500 /
Fax (787) 771-3620

Appendix 8

OIG Headquarters/Field Office Contacts and Locations (continued)

Locations of Audit Field Offices

Atlanta, GA

Atlanta, GA 30309
(404) 832-6730 / Fax (404) 832-6646

Baton Rouge, LA

Baton Rouge, LA 70803
(225) 334-4900 / Fax (225) 578-4982

Bellingham, WA

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

Biloxi, MS

Biloxi, MS 39531
(228) 385-9215 / Fax (228) 385-9220

Boston, MA

Boston, MA 02222
(617) 565-8705 / Fax (617) 565-8995

Buffalo, NY

Buffalo, NY 14202
(716) 551-4231 / Fax (716) 551-4238

Chicago, IL

Chicago, IL 60603
(312) 886-2800 / Fax (312) 886-2804

Dallas, TX

Frisco, TX 75034
(214) 436-5250 / Fax (214) 436-5276

Del Rio, TX

Del Rio, TX 78840
(830) 775-7492 x239 / Fax (830) 703-0265

Detroit, MI

Detroit, MI 48126
(313) 226-2163 / Fax (313) 226-6405

El Centro, CA

Imperial, CA 92251
(760) 355-3900 / Fax (760) 335-3726

El Paso, TX

El Paso, TX 79925
(915) 629-1800 / Fax (915) 594-1330

Hattiesburg, MS

Hattiesburg, MS 39402-8881
(601) 264-8220 / Fax (601) 264-9088

Houston, TX

Houston, TX 77027
(713) 212-4300 / Fax (713) 212-4363

Laredo, TX

Laredo, TX 78045
(956) 794-2917 / Fax (956) 717-0395

Los Angeles, CA

El Segundo, CA 90245
(310) 665-7320 / Fax (310) 665-7309

McAllen, TX

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

Miami, FL

Miramar, FL 33027
(954) 538-7555 / Fax (954) 602-1033

Mobile, AL

Mobile, AL 36609
(251) 415-3278 / Fax (251) 219-3517

New York City, NY

Jersey City, NJ 07657
(201) 356-1800 / Fax (201) 356-4038

Orlando, FL

Orlando, FL 32809-7892
(407) 804-6399 / Fax (407) 804-8730

Philadelphia, PA

Marlton, NJ 08053
(856) 596-3800 / Fax (856) 810-3410

San Diego, CA

San Diego, CA 92101
(619) 235-2501 / Fax (619) 687-3144

San Francisco, CA

Oakland, CA 94612
(510) 637-4311 / Fax (510) 637-4327

San Juan, PR

San Juan, PR 00918
(787) 294-2500 / Fax (787) 771-3620

Seattle, WA

Kirkland, WA 98033
(425) 250-1360 / Fax: (425) 576-0898

Tucson, AZ

Tucson, AZ 85741
(520) 229-6420 / Fax (520) 742-7192

Washington, DC

Arlington, VA 22209
(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.

Requirement:	Pages
Review of Legislation and Regulations	48
Significant Problems, Abuses, and Deficiencies	10-45
Recommendations With Significant Problems	10-45
Prior Recommendations Not Yet Implemented	47
Matters Referred to Prosecutive Authorities	Statistical Highlights
Summary of Instances Where Information Was Refused	N/A
List of Audit Reports	58-73
Summary of Significant Audits	10-45
Reports With Questioned Costs	55
Reports Recommending That Funds Be Put to Better Use	56
Summary of Reports in Which No Management Decision Was Made	55-56
Revised Management Decisions	N/A
Management Decision Disagreements	N/A



Additional Information and Copies

To obtain additional copies of this report, call the Office of Inspector General (OIG) at (202) 254 4073, fax your request to (202) 254 4305, or visit the OIG web site at www.dhs.gov/oig.

OIG Hotline

To report alleged fraud, waste, abuse, or mismanagement, or any other kind of criminal or noncriminal misconduct relative to department programs or operations:

- Call our Hotline at 1 800 323 8603;
- Fax the complaint directly to us at (202) 254 4292;
- Email us at DHSOIGHOTLINE@dhs.gov; or
- Write to us at:
DHS Office of Inspector General/MAIL STOP 2600,
Attention: Office of Investigations - Hotline, 245 Murray Drive SW,
Building 410, Washington, DC 20528.

The OIG seeks to protect the identity of each writer and caller.