

DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General



FISCAL YEAR 2007

ANNUAL PERFORMANCE PLAN

(REVISED APRIL 2007)

A Message from the Inspector General

I am pleased to present the revised *Fiscal Year 2007 Annual Performance Plan* for the Department of Homeland Security's Office of Inspector General. This revised plan outlines the projects that we intend undertake during the second half of the fiscal year to evaluate the department's programs and operations. The revised plan also reflects the reports that we issued during the first six months of fiscal year 2007, as well as the projects that we have cancelled or deferred until fiscal year 2008 or 2009.

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

A handwritten signature in black ink that reads "Richard L. Skinner". The signature is written in a cursive style with a large initial 'R' and a long, sweeping underline.

Richard L. Skinner
Inspector General

Table of Contents

Chapter	Page
1. OIG Mission and Responsibilities	1
2. OIG Organizational Structure	2
3. FY 2007 Planning Approach	4
4. On-going Initiatives: Project Narratives.....	6
• Special Initiatives.....	6
• Directorate for Management	6
• Directorate for National Protection and Programs	13
• Directorate for Science and Technology.....	15
• Domestic Nuclear Detection Office.....	17
• Federal Emergency Management Agency.....	18
• Office of Health Affairs.....	35
• Office of Intelligence and Analysis.....	35
• Office of Policy.....	36
• Transportation Security Administration.....	38
• United States Coast Guard.....	43
• United States Customs and Border Protection.....	48
• United States Immigration Customs Enforcement.....	51
• Multi-Components.....	52
5. Completed Projects.....	58
6. Deferred Projects.....	61
7. Cancelled Projects.....	62
Appendix A - OIG Headquarters and Field Office Contacts	63
Appendix B - Table of Acronyms	68

Chapter 1 - OIG Mission and Responsibilities

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

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

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

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

Chapter 2 - OIG Organizational Structure

The OIG consists of the following components:

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

The Office of Counsel to the Inspector General provides legal advice to the IG; supports audits, inspections, and investigations by ensuring that applicable laws and regulations are followed; is the OIG's designated ethics office; manages the OIG's Freedom of Information Act and Privacy Act responsibilities; and furnishes attorney services for the issuance and enforcement of OIG subpoenas, False Claims Act and Civil Monetary Penalty Act claims, as well as suspension and debarment actions. The office has 12 FTEs.

The Office of Audits conducts and coordinates audits and program evaluations of the management and financial operations of DHS. Auditors examine the methods employed by agencies, bureaus, grantees, and contractors in carrying out essential programs or activities. Audits evaluate whether established goals and objectives are achieved and resources are used economically and efficiently; whether intended and realized results are consistent with laws, regulations, and good business practice; and whether financial accountability and the reliability of financial statements are ensured. The office has 145 FTEs.

The Office of Disaster Assistance Oversight is responsible for providing an aggressive and ongoing audit and investigative effort designed to ensure that disaster relief funds are being spent appropriately, while identifying fraud, waste, and abuse as early as possible. The office works to ensure accountability and to prevent problems before they occur. The focus is weighted heavily toward prevention, including reviewing internal controls, and monitoring and advising DHS officials on contracts, grants, and purchase transactions before they are approved. The office also meets with applicants, contractors, and grantees to advise them of the requirements and assess their capability to account for the funds. This office has approximately 150 permanent and temporary staff.

The Office of Inspections complements the work of the OIG by providing quick and less structured reviews of those DHS programs and operations that are of pressing interest to department managers, the Congress, or the IG. This office has 47 FTEs.

The Office of Information Technology conducts audits and evaluations of DHS' information management, cyber infrastructure, and systems integration activities. The office reviews the cost effectiveness of acquisitions, implementation, and management of major systems, and telecommunications networks across DHS. In addition, it evaluates the systems and related architectures of DHS to ensure they are effective, efficient, and

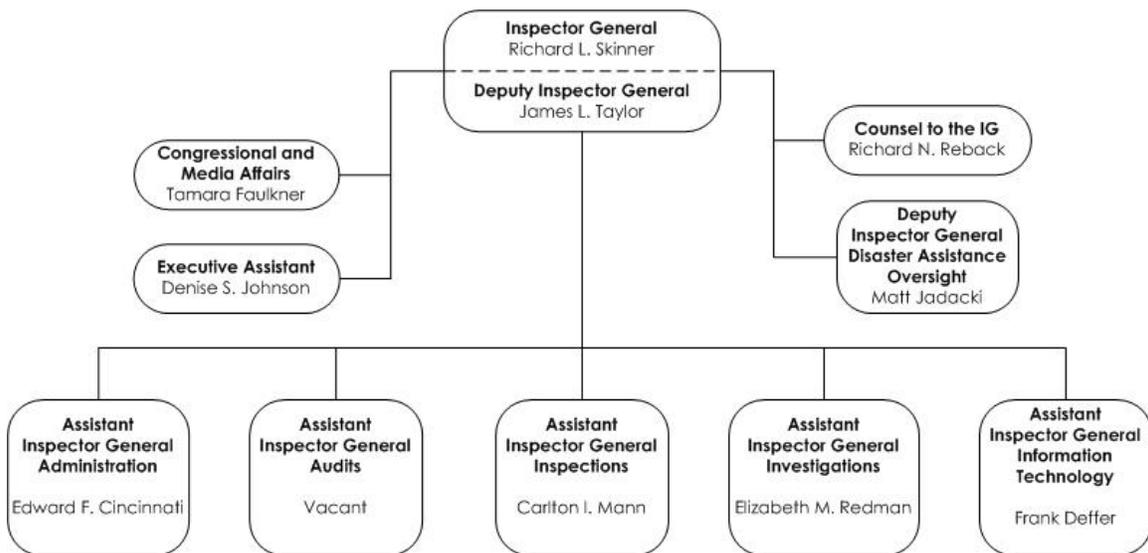
implemented according to applicable policies, standards, and procedures. The office also assesses DHS’ information security program as mandated by the Federal Information Security Management Act (FISMA). This office has 42 FTEs.

The Office of Investigations conducts investigations into allegations of criminal, civil, and administrative misconduct involving DHS employees, contractors, and grantees. This office examines specific allegations, reports, or other information indicating possible violations of laws or regulations. Additionally, it monitors the investigative activity of DHS’ various internal affairs offices. This office has 189 FTEs; approximately 25 of whom are currently dedicated to the work generated by hurricanes Katrina and Rita. This office also has 19 temporary employees dedicated to Gulf Coast hurricane recovery operations.

The Office of Administration provides critical administrative support functions, including OIG strategic planning; development and implementation of administrative directives; the OIG’s information and office automation systems; budget formulation and execution; correspondence; printing and distribution of OIG reports; and oversight of the personnel, procurement, travel, and accounting services provided to the OIG on a reimbursable basis by the Bureau of Public Debt. The office also prepares the OIG’s annual performance plans and semiannual reports to the Congress, and establishes audit policy and ensures compliance with those policies and professional standards. This office has 35 FTEs.

Chart 1: OIG Organization Chart

Department of Homeland Security Office of Inspector General Management Team



Chapter 3 - FY 2007 Planning Approach

The Annual Performance Plan is the OIG's "roadmap" for the inspections and audits that it plans to conduct each year to evaluate DHS programs and operations. In devising the plan, OIG endeavors to assess DHS' progress in meeting what it considers to be the major management challenges. This revised plan reflects new developments and requests from DHS management and the Congress during the year that were not anticipated.

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

DHS' priority goals are divided into five areas:

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

The President's Management Agenda addresses the following:

- Strategic Management of Human Capital
- Competitive Sourcing
- Improved Financial Performance
- Expanded Electronic Government
- Budget and Performance Integration
- Eliminating Improper Payments
- Real Property

In DHS' fiscal year (FY) 2006 Performance and Accountability Report and in our 2007 report entitled *Management Challenges Facing the Department of Homeland Security*, we identified the following as the most serious FY 2007 management challenges facing DHS:

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

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

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

We strive to have a consultative and collaborative working relationship with senior management of DHS while at the same time providing, where such criticism is warranted by the facts, constructive and objective criticism of DHS' programs and operations.

Chapter 4 – On-Going Initiatives and Project Narratives

SPECIAL INITIATIVES

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

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

Sec. 809(d) requires our office to submit an evaluation of the progress made by DHS in implementing the plan to the Congress one year after the plan is issued. However, DHS has not issued the plan.

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

DIRECTORATE FOR MANAGEMENT

FY 2007 Audit of DHS' Consolidated Financial Statements *(Mandatory)*

The Chief Financial Officers Act requires that an annual financial statement audit be performed at DHS. We contracted with an independent public accounting firm to conduct the audit. Individual audits of Customs and Border Protection's (CBP), FLETC's, and the Transportation Security Administration's (TSA's) financial statements will be performed in conjunction with the consolidated statement audit.

Objectives: Ascertain and report on the fairness of presentations of DHS' FY 2007 financial statements; obtain an understanding of internal controls over financial reporting, perform tests of those controls to determine audit procedures, and report on weaknesses identified during the audit; perform tests of compliance with certain laws, regulations, and provisions of contracts or grant agreements, noncompliance with which

could have a material effect on the financial statements; and, report on noncompliance disclosed by the audit. This audit addresses financial performance in the President's Management Agenda. *Office of Audits*

FY 2007 Audit of DHS' Internal Controls over Financial Reporting [*\(Mandatory\)*](#)

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

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

Objective: Ascertain and report on the effectiveness of DHS' internal controls over financial reporting in conjunction with the FY 2007 DHS consolidated financial statement audit. *Office of Audits*

(New) FEMA's National Flood Insurance Program

In 1968, Congress created the National Flood Insurance Program (NFIP) in response to the rising cost of taxpayer funded disaster relief for flood victims and the increasing amount of damage caused by floods. The NFIP makes federally backed flood insurance available in communities that agree to adopt and enforce floodplain management ordinances to reduce future flood damage. Private insurance companies, known as Write Your Own (WYO) companies, administer over 90 percent of the flood insurance policies issued through the NFIP. Federal Emergency Management Agency's (FEMA) Mitigation Division manages the NFIP program, using the services of two contractors. Covansys is the NFIP direct contractor. Computer Sciences Corporation consolidates flood insurance information from the direct contractor and WYO company activities, compiles financial data, and prepares the financial statements for all insurance activities.

Objective: Determine compliance with laws, regulations, and guidance governing insurance activities conducted by NFIP Servicing Agents and by Write Your Own insurance companies. *Office of Audits*

National Procurement Fraud Task Force

Our audit and investigative staff will be active participants on the Department of Justice National Procurement Fraud Task Force, which was established in October 2006. The multi-agency task force will strengthen the government's efforts to fight procurement

fraud, focusing resources at all levels of government to increase enforcement in areas of procurement fraud. Its mission is to increase coordination among federal law enforcement to detect and combat procurement fraud. Due to the size and number of contracts awarded by DHS each year, we expect to play a major role on the task force. *Office of Audits*

DHS' Corrective Action Plan Process and Implementation of OMB Circular A-123

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

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

ICE's Progress in Improving Financial Management

Since its creation in 2003, ICE has struggled with severe weaknesses in its financial management and reporting. In FY 2006, ICE contracted with a public accounting firm to help it begin addressing those weaknesses, starting with the development of corrective action plans.

Objective: Determine ICE's progress in implementing its corrective action plans and moving to a more stable, long-term financial management organization and capability. *Office of Audits*

Status of Acquisition Function at DHS

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

that have major procurements, such as adequacy of small and disadvantaged business utilization.

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

Secure Border Initiative Procurements Over \$20 Million (Mandatory)

The FY 2007 Department of Homeland Security Appropriations Act requires us to review and report on any contract or task order relating to the SBI program valued at more than \$20 million. The Conferees included this provision to reflect their concern about DHS' ability to manage and oversee the major technology contracts they expect to be part of SBI.

Objective: Assess DHS' management of cost, schedule, and performance for each SBI contract or task order valued at more than \$20 million. *Office of Audits*

Sole Source Acquisitions

Full and open competition for contracts is generally presumed to provide the best value to the government (and taxpayers). Without proper competition, the government may be unable to ensure reasonable cost and performance. Federal acquisition regulations require agencies to justify in writing their use of other than full and open competition. Allowable justifications for sole source awards include special programs, such as Small and Disadvantaged Business Development. Past GAO and OIG audits identified both improper use of sole source awards and poor cost controls for legitimate sole source awards throughout the government. At present, DHS plans seven sole source awards in FY 2006 that will each exceed \$10 million. Given DHS' fundamental deficiencies and weak control environment, sole source awards leave DHS vulnerable to excessive cost and poor performance.

Objective: Determine how well DHS justifies and controls sole source acquisitions to assure reasonable cost and performance. *Office of Audits*

Office of National Drug Control Policy Follow-Up Review (Mandatory)

The Office of National Drug Control Policy (ONDCP) has requested additional procedures based on our reports (OIG-06-25, OIG-06-26, and OIG-06-27) on Reporting of FY 2005 Drug Control Funds for ICE, CBP, and the USCG. This review addresses in part financial performance in the President's Management Agenda.

Objective: To evaluate DHS' controls surrounding ONDCP reprogramming, transfers, and fund control notice requirements. *Office of Audits*

MAX^{HR} Tasks under the Northrop Grumman Blanket Purchase Agreement **(Congressional)**

DHS awarded Northrop Grumman Information Technology (Northrop Grumman) a June 2004 blanket purchase agreement (BPA) to support DHS human resources initiatives, including, but not limited to, MAX^{HR}. Congress requested that we determine the (a) rationale for using a BPA; (b) deliverables produced; (c) deliverables expected; (d) scheduled completion; (e) money expended; (f) DHS role in executing, managing, and overseeing this BPA; (g) Northrop Grumman's role in executing, managing, and overseeing this BPA; (h) roles of any subcontractors and their deliverables; and (i) appropriateness of one BPA that requires many dissimilar functions.

Objectives: Determine the DHS rationale for using a BPA and whether DHS improperly “bundled” dissimilar functions; and assess the adequacy of DHS oversight of MAX^{HR} task orders under the Northrop Grumman BPA. *Office of Audits*

Training and Qualifications of Acquisition Workforce

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

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

(New) DHS' Implementation of Homeland Security Presidential Directive 12

HSPD-12 establishes control objectives for secure and reliable forms of identification. HSPD-12 requires federal agencies to implement a government-wide standard for secure and reliable forms of identification for employees and contractors for access to federal facilities and information systems. A successful implementation of HSPD-12 will increase the security of DHS facilities and information systems.

Objectives: Determine whether DHS' HSPD-12 implementation strategy plan is adequate, including oversight of component's plans, policies and procedures to implement HSPD-12 requirements are adequate, and effective controls have been implemented to protect the privacy of personal data collected and processed by HSPD-12 systems. *Office of Information Technology Audits*

Annual Evaluation of DHS' Information Security Program for Fiscal Year 2007
(Mandatory)

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

Objective: Determine what progress DHS has made in resolving weaknesses cited in the prior year's review. *Office of Information Technology Audits*

Laptop Computer Security—DHS

As the weight and price of laptops have decreased and their computing power and ease of use have increased, so has their popularity for use as primary or alternate computers for government personnel. However, due to their portability, the use of laptops significantly increases the risk of theft or loss. As a result, there is increased risk that national security or sensitive data may be exposed, possibly resulting in harm to our national infrastructure. Consequently, government organizations that provide for the use of laptop computers must take steps to ensure that the equipment and the information that is stored on them are adequately protected.

Objective: Determine whether DHS has established and implemented adequate and effective security policies and procedures related to the physical security of and logical access to government-issued laptops. This effort will summarize the results of our laptop security audits at CBP, Directorate for Science and Technology (S&T), OIG, and FEMA. *Office of Information Technology Audits*

Internet Protocol Version 6

Internet Protocol Version 6 (IPv6) has been recognized as a critical enabling technology for federal agencies. IPv6 will help ensure that the Internet can support a growing user base and the increasingly large number of IP-enabled devices. OMB Memorandum 05-22, "Transition Planning for IPv6," directs agencies to implement the IPv6 protocol within their network backbone by June 2008. In support of this goal, agencies are

required to meet a number of interim milestones, including completion of two inventories of IP devices and technologies, completion of an IPv6 transition impact analysis, and development of an IPv6 transition plan. Agencies are required to submit a completed IPv6 transition plan, as well as a progress report on the inventory and impact analysis, as part of their enterprise architecture assessment in February 2006.

Objectives: Determine the adequacy of DHS' plans and progress in implementing Ipv6, and determine whether DHS components have adequate security controls on deployed IPv6 devices and systems. *Office of Information Technology Audits*

Oversight of Contracted Information Technology-Related Testing Performed as Part of DHS' FY 2007 Audited Financial Statements ([Mandatory](#))

Financial statement audits performed under the Chief Financial Officers Act of 1990 are intended to play a central role in providing more reliable and useful financial information to decision-makers, and improve the adequacy of internal controls and underlying financial management systems. Computer-related controls are a significant factor in achieving these goals and should be considered during all four phases of the audit.

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

Review of DHS Financial Systems Consolidation

The Electronically Managing Enterprise Resources for Government Effectiveness and Efficiency project (eMerge2) will bring together the financial, budget and asset control activities of the DHS 22 component agencies. As part of this effort, DHS is making plans to consolidate all DHS components on financial systems currently run by CBP and USCG.

Objectives: Determine whether DHS has justified adequately its approach to consolidating financial systems under the eMerge2 program. *Office of Information Technology Audits*

Technical Security Evaluation Program of Select DHS Sites (Sites TBD)

Information security is an important goal for any organization that depends on information systems and computer networks to carry out its mission. Toward that end, DHS has developed an agency-wide information system security program. However, because DHS components and their sites are decentralized, it is difficult to determine the

extent to which DHS staff members are complying with security requirements and their respective work sites.

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

Oversight of Contracted Information Technology-Related Testing Performed as part of DHS' Fiscal Year 2006 Audited Financial Statements ([Mandatory](#))

Financial statement audits performed under The Chief Financial Officers Act of 1990 are intended to play a central role in (1) providing more reliable and useful financial information to decision makers, and (2) improving the adequacy of internal controls and underlying financial management systems. Computer-related controls are a significant factor in achieving these goals and in the auditor's understanding of the entity's internal control structure. Computer-related controls should be considered during all four phases of the audit: the planning phase, the internal control phase, the testing phase, and the reporting phase.

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

DIRECTORATE FOR NATIONAL PROTECTION AND PROGRAMS

National Cyber Security Review

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

Objective: Determine whether DHS' National Cyber Security Division has managed the implementation of the National Strategy to Secure Cyberspace and DHS' cyber security program. *Office of Information Technology Audits*

Administering Lessons Learned from Exercises (Congressional)

DHS' April 2005 Top Officials Three Exercise (TOPOFF 3) was a congressionally mandated exercise designed to strengthen the nation's capacity to prevent, prepare for, respond to, and recover from large-scale terrorist attacks involving weapons of mass destruction. TOPOFF 3 was the most comprehensive terrorism response exercise ever conducted in the United States. It provided a realistic test of the nation's homeland security system. It brought top officials together to identify and address problems, share knowledge, and develop skills for managing complex terrorist events. The exercise extended the learning derived from earlier TOPOFF exercises. Given that these exercises are costly and time-consuming, as well as the primary preparatory mechanism prior to a real disaster, a failure to clearly identify lessons learned and provide corrective plans to address deficiencies for local, state, and federal response entities can lead to confusion, chaos, and ultimately compounded tragedy if a real disaster should occur.

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

Equipment Eligibility and Identification Under the Buffer Zone Protection Plan

In FY 2005, DHS announced the availability of \$91.3 million in grant funding to protect and secure areas surrounding critical infrastructure and key resource sites such as chemical facilities, dams, and nuclear plants across the country. Through its Buffer Zone Protection Plan (BZPP), DHS is providing funding to states to purchase equipment that will extend the zone of protection beyond the gates of these critical facilities. The approach provides federal, state, and local officials and first responders with the necessary tools and resources to protect their community assets. Initial BZPP assets were selected subjectively by DHS.

Objectives: Determine (1) the adequacy of the process used to identify BZPP assets and eligibility criteria for BZPP investments; (2) the utility of BZPP's equipment purchasing plans; (3) whether equipment purchases are unique to this program and the extent that they are available through other programs such as the State Homeland Security Grants, the Urban Area Security Initiative, and first responder grant programs; (4) the extent that purchases are clearly designed to reduce vulnerabilities in areas surrounding critical infrastructure and key resources; and (5) whether DHS has modified its methodology for selecting future BZPP sites. *Office of Inspections*

The Office of Infrastructure Protection's Resource Requirements (*Congressional*)

The Office of Infrastructure Protection identifies and assesses current and future threats to the Nation's physical and informational infrastructure, issuing timely warnings to prevent damage to the infrastructure that supports our community and economic life. The Preparedness Directorate budgeted \$619,244,000 and 445 FTEs for Infrastructure Protection and Information Security in FY 2006, and requested for FY 2007 \$549,140,000 and 445 FTEs.

Objectives: Determine whether (1) the physical space and number of full-time permanent staff assigned to the Infrastructure Protection office is adequate to meet its broad responsibilities, and (2) what particular challenges the office faces in the use of contractors or temporary employees. *Office of Inspections*

DIRECTORATE FOR SCIENCE AND TECHNOLOGY

Analysis, Dissemination, Visualization, Insight, and Semantic Enhancement Program (*Mandatory*)

The Analysis, Dissemination, Visualization, Insight, and Semantic Enhancement (ADVISE) program is designed to extract relationships and correlations from large amounts of data to produce actionable intelligence on terrorists. A prototype is currently available to analysts in Intelligence and Analysis using departmental and other data, including some on U.S. citizens. The conferees for the *2007 DHS Appropriations Act* understand that up to \$40,000,000 has been obligated for the program. The program plan, total costs, and privacy impacts are unclear and therefore the conferees directed us to conduct a comprehensive program review and report within nine months of enactment of this Act.

Objectives: Determine the effectiveness of DHS' Analysis, Dissemination, Visualization, Insight, and Semantic Enhancement program by evaluating:

- Strategies, policies, and procedures for conducting data mining to produce actionable intelligence on terrorists;
- Systems and activities to determine and understand potential threats to homeland security using data mining techniques; and
- Communication and coordination with information security partners and the public to help prepare for and counter the potential threats identified.

Office of Information Technology Audits

Plum Island Animal Disease Center System Security

The Plum Island Animal Disease Center is responsible for research and diagnosis to protect United States animal industries and exports against catastrophic economic losses caused by foreign animal disease agents accidentally or deliberately introduced into the United States.

In June 2003, the land, buildings, and other facilities of the Plum Island Animal Disease Center were transferred to DHS. DHS is responsible for the safety and security of the center, but the facility is staffed and operated by USDA personnel. Plum Island is located off the northeastern tip of New York's Long Island.

Objective: Determine whether S&T has established adequate physical and logical security controls for the sensitive systems and data housed in the Plum Island Animal Disease Center. *Office of Information Technology Audits*

Homeland Security Advanced Research Projects Agency: Funding Research Projects (Congressional)

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

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

The Science and Technology Directorate's Research, Development, and Funding Priorities (Congressional)

The S&T Directorate fulfills its mission by researching, developing, and then funding projects designed to create and deploy state-of-the-art, high-performance, low-operating-cost systems. The systems are designed to prevent, detect, and mitigate the consequences of chemical, biological, radiological, nuclear, and explosive attacks, and to develop equipment, protocols, and training procedures for response to and recovery from

chemical, biological, radiological, nuclear, and explosive attacks. The potential threats against the United States are many and varied. S&T must have a strategic plan to develop the appropriate technologies at the appropriate time.

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

Office of Inspections

Carryover Projects from FY 2006

Support Anti-Terrorism by Fostering Effective Technologies Act

In 2002, Congress enacted the *Support Anti-terrorism By Fostering Effective Technologies Act* (SAFETY Act) to encourage the development of new antiterrorism technologies. The Act called for a new system of risk and liability management for manufacturers, specifically creating liability limitations for claims arising out of, relating to, or resulting from an act of terrorism. If a manufacturer implements a SAFETY-approved antiterrorism technology that ultimately fails, the Act provides protection against severe financial and legal consequences. The Undersecretary of S&T currently manages the SAFETY program.

Objectives: Determine the efficacy of the SAFETY Program by reviewing (1) the complete application process, both pre- and full-process, for participation in the SAFETY program; (2) the technologies currently approved and implemented under the Act; (3) the analytical methods—qualitative and quantitative—executed in determining liability caps; and (4) the coordination between the S&T directorate and other DHS departments in determining what technologies are needed in the field. *Office of Inspections*

DOMESTIC NUCLEAR DETECTION OFFICE

Domestic Nuclear Detection Office Activities *(Congressional)*

DHS, through its Domestic Nuclear Detection Office (DNDO), has a leading role in improving detection capabilities to reduce nuclear and radiological threats. It must coordinate with the Department of Energy, which also oversees nuclear detection programs. Important aspects of DNDO's mission relate to the expansion of government nuclear detection and response capabilities, the linkage of related efforts, and monitoring

of detection systems. DNDO can help prevent a domestic nuclear/radiological incident or significantly reduce the consequences of such an incident through the effective execution of work in these mission areas.

Objectives: Survey DNDO's (1) efforts to enhance nuclear detection and response capabilities at all levels of government, link related efforts and ensure appropriate information sharing, and maintain effective monitoring and awareness of detection systems; (2) progress in engaging other governmental and nongovernmental partners to further DNDO's mission; and (3) coordination activities with federal agencies with similar responsibilities. This review will serve to establish a baseline for future reviews
Office of Inspections

FEDERAL EMERGENCY MANAGEMENT AGENCY

In order to focus on and establish a continuous oversight presence in disaster-related activities, we created the Office of Disaster Assistance Oversight. The addition of this office will strengthen our ability to react quickly and efficiently to a variety of disasters and further advance our collaborative efforts with the federal Inspector General community, through the President's Council on Integrity and Efficiency and Executive Council on Integrity and Efficiency's (PCIE/ECIE) Homeland Security Round Table, to achieve a holistic approach to federal disaster response and recovery oversight.

(New) Project Hope (Congressional)

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

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

(New) FEMA's Plans for Grant Awards Under the Alternative Housing Program Pilot (Congressional)

In 2006, \$6 billion in supplemental appropriations were designated for Disaster Relief, of which, \$400 million was made available to FEMA for an “alternative housing pilot program in the areas hardest hit by Hurricane Katrina and other hurricanes of the 2005 season.” In response, FEMA officials developed and implemented a grant competition to “identify, develop, and evaluate alternatives to and alternative forms of disaster housing.” The competition was limited to the state-designated agencies of the Gulf Coast states of Alabama, Florida, Louisiana, Mississippi, and Texas. By awarding competitive grants, FEMA officials sought to identify the best alternatives for housing disaster victims. By restricting the competition to the five Gulf Coast states, FEMA officials sought to comply with the Congressional intent that those areas hardest hit by Hurricane Katrina and the 2005 hurricanes receive the housing developed under these grants. At the request of Congressman Bennie G. Thompson, we are reviewing the FEMA’s grant awards under the Alternative Housing Pilot Program (AHPP). The Congressman requested that we address a number of issues concerning the AHPP grant award process.

Objectives: Determine whether; the \$400 million available for the program was appropriately allocated and hurricane-affected communities received proportionate shares of the available funds; the decisions of the AHPP awards panel and FEMA officials led to the funding of innovative and creative emergency housing solutions; the AHPP awards panel reached fair and balanced decisions; the AHPP panel review process was subject to the basic federal advisory committee requirements of openness and transparency; and where were any violations of law in the manner in which the AHPP grant project selections and awards were conducted. *Office of Disaster Assistance Oversight*

(New) Journal Gazette's Alleged Findings of Fraud, Waste and Abuse by FEMA (Congressional)

At the request of Congressman Mark Souder, we are reviewing FEMA’s assistance to Allen County, Indiana individuals and households that sustained disaster damage after severe storms and flooding occurred in 2003. The request for this review was predicated on a newspaper article entitled *FEMA’s Legacy of Waste*, dated October 29, 2006, in Fort Wayne’s *Journal Gazette*. The article discussed FEMA’s disaster assistance to individuals who did not have flood damage, and denial of assistance to others who did have flood damage. In his letter dated October 31, 2006, Congressman Souder requested that the OIG determine whether: (1) Households receiving disaster assistance in zip codes outside of the flood zone were truly in need of assistance; (2) Households with apparently serious flood damage were incorrectly denied assistance; and (3) FEMA’s current standards and methods for assessing damage after disasters prevent waste, fraud, and abuse.

Objectives: Determine if there was evidence of improper assistance provided to individuals or of improper denials to individuals as a result of the disaster damages in Allen County, Indiana during the summer of 2003, and to determine if FEMA used improper standards in assessing damages for this disaster. *Office of Disaster Assistance Oversight*

Catastrophic Disaster Response

During a natural or man-made catastrophic disaster, the Office of Disaster Assistance Oversight will deploy experienced staff to FEMA's Emergency Operations Center (EOC), Joint Field Offices (JFOs), applicable National Processing Service Centers (NPSCs), and other FEMA field locations as appropriate to provide on-the-spot advice, assistance, and oversight to DHS, FEMA, state, and local officials. Major oversight activities include:

- Participating in all senior-level meetings at FEMA Headquarters and providing continuous, on-sight oversight of JFO operations by attending daily status, all hands, and senior staff meetings with JFO staff, state and local officials, and with Emergency Support Functions representatives.
- Monitoring mission assignments, reviewing supporting documentation, and coordinating and meeting with OIG officials from other federal organizations to discuss their roles and devise plans to provide the most review/audit coverage.
- Reviewing JFO-issued contracts and contracting procedures for disaster-related services and determining compliance with federal acquisition policies, procedures, and requirements.
- Identifying, documenting, and reviewing/auditing potential FEMA and state disaster management problems and issues in the area of debris removal, emergency protective measures, assistance to individuals and households, temporary housing, longer-term public assistance repairs and restorations, and hazard mitigation, as well as other support areas (e.g., property management).
- Attending public assistance applicant briefings and kick-off meetings with FEMA, state, and local officials; overseeing the development of larger public assistance projects to assure work eligibility and reasonableness; performing interim reviews of subgrantees claims; and following up on specific issues and complaints about subgrantee practices that are not in compliance with program requirements.
- Reviewing major grant recipients' financial management systems and internal control and coordinating with state auditors to develop review/audit strategies.

- Responding to Congressional requests/inquiries, briefing OIG and other interested parties on the results of our oversight, and coordinating with our Office of Investigations as to known or suspected fraud, waste, or abuse.
- Coordinating with state and local government audit and investigative organizations.

Objectives: Our focus will be on staying current on all disaster relief operations and activities, and evaluating (1) FEMA's implementation of existing response and recovery policies and procedures, (2) its development of new policies and procedures based on the magnitude of the disaster event, and (3) the adequacy of the internal control environment as hundreds of millions and potentially billions of dollars, are provided for response and recovery activities. *Office of Disaster Assistance Oversight*

Disaster Assistance Grants (Nation-wide)

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, P.L. 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 to individuals, and to states and local governments. We will perform audits of grantees and sub-grantees focusing on large grants (generally in excess of \$3 million) with suspected problems, and areas that are of interest to Congress and FEMA. The audits will include both open and recently closed applications and projects, and will focus on costs as well as the eligibility of the grant applicant and the eligibility of the work funded by the grant. The audits will focus primarily on public assistance grants, but may include hazard mitigation grants and grant assistance provided to individuals and households.

Objectives: Determine (1) the eligibility of the grantee or sub-grantee and of the work funded by the grant and (2) whether grantees or sub-grantees accounted for and expended FEMA funds according to federal regulations. *Office of Disaster Assistance Oversight*

FEMA's Readiness to Respond to the Next Catastrophic Disaster

Following Hurricane Katrina, many organizations identified numerous serious problems that resulted in FEMA's failure to effectively respond to the disaster. FEMA has been working to improve its readiness and now claims to be better prepared to respond to the next catastrophic disaster. We will review the steps FEMA has taken to improve its capability in those areas identified as most seriously deficient in its response to Hurricane Katrina.

Objective: To what extent FEMA is better prepared to respond to a catastrophic disaster than prior to Hurricane Katrina. *Office of Disaster Assistance Oversight*

FEMA Acquisition Management

The success of any disaster relief effort depends in great part on effectively employing the U.S. government's capacity to deploy efficiently and rapidly the means of relief and reconstruction: services, materials, and their supporting systems. This requires acquisition processes that are well structured and optimized for use in contingency situations. FEMA was not systemically well-poised to provide the kind of acquisition support needed for a catastrophic disaster such as Hurricane Katrina.

We will conduct an acquisition management review at FEMA that will address major issues such as:

- Organizational alignment and leadership
- Policies and processes
- Acquisition workforce
- Information management

Objectives: This review will result in reports on individual procurement issues and will be followed by a capping report that will measure FEMA's progress in improving its acquisition capabilities. *Office of Disaster Assistance Oversight*

Multilayered Disaster Contracts

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

Objectives: To determine the extent of multi-layered disaster contracts regarding Hurricane Katrina and document the various problems associated with them. This work may highlight particular case studies to illustrate the problem. *Office of Disaster Assistance Oversight*

FEMA's Emergency Housing Unit Program

FEMA provides temporary housing, including travel trailers, mobile homes, or other types of modular housing to disaster victims. During hurricanes Katrina and Rita, over \$2.5 billion was spent on travel trailers and mobile homes. FEMA's future disaster plan includes maintaining an inventory of housing assets at storage facilities in strategic areas of the country for expedited response to housing needs. We will evaluate the effectiveness of the program and identify improvements, needed funding, staffing, contracting, acquisition management, property accountability, facility management, and internal controls. We will evaluate the cost effectiveness of maintaining the facilities and the preventive maintenance procedures to safeguard housing assets at these locations.

Objective: Determine the effectiveness of the program; including funding, staffing, contracting, acquisition management, property accountability. Determine the cost effectiveness of maintaining FEMA storage facilities and the procedures in place to ensure the proper maintenance of the housing assets. *Office of Disaster Assistance Oversight*

Accountability for Travel Trailers, Mobile Homes, and Modular Homes

In response to the housing needs for victims of hurricanes Katrina and Rita, disaster assistance operations involved acquisitions of travel trailers, mobile homes, and modular homes. Our auditors and contractors will review FEMA's management of these housing assets and will evaluate internal controls in place to ensure the housing purchased is properly accounted for and managed for the life cycle of the assets.

Objective: To evaluate controls in place for management of housing assets from purchase to final disposition. *Office of Disaster Assistance Oversight*

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

Tens of thousands of FEMA-purchased manufactured homes and travel trailers are occupied by 100,000 Gulf Coast evacuee families in scores of Transitional Housing (TH) sites throughout Louisiana, Mississippi, and Alabama, where FEMA pays for security. According to FEMA's Office of Gulf Coast Recovery, the TH sites that will be operating for 5 or more years are already plagued with violence, drugs, and gang activity. A July 2006 report on the situation at 20 of FEMA's TH sites by the *Save the Children* organization painted a bleak picture of dysfunctional communities. The lack of alternative housing in the Gulf Coast region suggests that these TH sites may be permanent. The current situation is a recipe for human tragedy and a brewing public relations nightmare for DHS/FEMA. This review will assess how well FEMA is addressing the situation, what role other federal agencies should have in transitional

housing, and whether FEMA has devised a road map for transferring the TH sites to local governments.

Objectives: To (1) assess DHS/FEMA's strategy for dealing with the situation at the TH sites; (2) evaluate whether there is adequate coordination with federal agencies, local authorities, and voluntary organizations; and (3) determine if DHS/FEMA has formulated a coherent exit strategy. *Office of Disaster Assistance Oversight*

Fraud Vulnerability of FEMA's Individuals and Households Program

FEMA's Individuals and Households Program (IHP) provides eligible applicants with cash grants for temporary housing, home repair or replacement, and other disaster-related needs. In response to hurricanes Katrina and Rita, over \$6.7 billion in assistance has been awarded. Of this, GAO estimated that approximately \$1.0 billion was paid based on potentially fraudulent applications. This review will use a case management methodology to identify the causes of the fraud in the IHP.

Objective: To identify vulnerabilities and control weaknesses that enable fraud in FEMA's IHP. *Office of Disaster Assistance Oversight*

FEMA's Debris Removal Program

Removing debris created by hurricanes Katrina and Rita will be an extremely costly and time-consuming endeavor throughout the Gulf Coast. Our office is conducting numerous reviews of local governments' debris removal operations because the costs will be reimbursed by FEMA's Public Assistance grant program. There have been long-standing problems associated with debris removal and monitoring operations and those problems are exacerbated by the size of the debris problem in the Gulf Coast. In response to these problems, FEMA is retooling its debris removal program and implementing new policies and procedures.

Objectives: To assess FEMA's debris program including its recent retooling effort, and identify best practices. *Office of Disaster Assistance Oversight*

FEMA's Section 406 Mitigation

FEMA provides public assistance grants to state and local governments to repair or restore infrastructure damaged by disasters. A component of that program allows for funding mitigation measures that the state or local government determines to be necessary to meet a need for governmental services and functions in the area affected by the major disaster. The opportunities for mitigation in the Gulf Coast will be enormous and the costs substantial. We will conduct a performance review of FEMA's implementation and management of the mitigation component of its public assistance grant program in the hurricanes Katrina and Rita recovery process.

Objective: To determine how effectively FEMA is managing public assistance mitigation grants across the hurricane damaged Gulf Coast. *Office of Disaster Assistance Oversight*

FEMA’s Hazard Mitigation Grant Program

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

Objective: To determine how effectively FEMA and the states are managing the Hazard Mitigation Grant Program after hurricanes Katrina and Rita.
Office of Disaster Assistance Oversight

FEMA’s National Flood Insurance Program (Mandatory)

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

Objective: Determine whether the National Flood Insurance Program’s Write Your Own program was effective in properly attributing the damage from Hurricane Katrina to either flooding or windstorm. *Office of Disaster Assistance Oversight*

Fire Management Assistance Grant Program

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended by the

Disaster Mitigation Act of 2000, authorizes state governments and Indian Tribal Governments to request federal funds under the Fire Management Assistance Grant Program for the mitigation, management, and control of any fire burning on publicly (nonfederal) or privately owned forest or grassland. Under the program, the state or Indian Tribal Government may request a declaration while a fire is burning uncontrolled and threatens such destruction as would constitute a major disaster. The program's declaration requests are submitted to the appropriate FEMA Regional Director for approval.

Objective: Determine whether the state (grantee) accounted for and expended fire management assistance grant funds in accordance with federal regulations and FEMA guidelines. *Office of Disaster Assistance Oversight*

Data Mining to Identify Duplication of Benefits

FEMA has an array of assistance programs available to aid victims in recovering from damages sustained in presidentially declared disasters. FEMA's Disaster Housing Program provides eligible applicants with assistance in the form of cash grants to make repairs to their home as well as other types of housing assistance for victims who need to rent. FEMA also provides travel trailers and mobile homes to victims displaced by a disaster. Other housing options include hotels, motels, and apartments. The Federal Insurance Administration within FEMA manages the NFIP that provides flood insurance to property owners within participating communities. The maximum coverage that can be obtained is \$250,000.

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

Objectives: The objectives of our review will be to determine whether recipients of FEMA's Disaster Housing home repair grant assistance have also received benefits from the NFIP. In addition, we will determine if duplication of assistance to victims has occurred among the various housing programs such as rent, trailers, mobile homes, hotels, and other forms of housing assistance. *Office of Disaster Assistance Oversight*

FEMA Recommendation Tracking

Since Hurricane Katrina, the Office of Disaster Assistance has issued 82 reports and approximately 160 recommendations to FEMA. We have received no response to 27 of these 82 reports. A Management Advisory Report is anticipated to summarize the situation and elevate the matter to FEMA management.

Objective: Determine the status of recommendations on DAO reports issued since Hurricane Katrina. *Office of Disaster Assistance Oversight*

Presence at FEMA Field Offices in the Gulf

As DHS began operating Joint Field Offices in Alabama, Mississippi, Texas, Florida, and Louisiana, auditors and investigators were onsite to provide oversight and technical assistance to FEMA and state and local officials. Currently, we have auditors at FEMA's recovery offices in Louisiana, Mississippi, and Florida to provide a visible OIG presence to prevent misspending on questionable contracts and grant activities.

We plan to 1) Oversee contract activities for disaster-related services; 2) Review public assistance projects as they are being prepared by FEMA; 3) Review major grant recipients to determine whether they have financial management systems that are adequate for managing the grants; 4) Conduct interim reviews of large public assistance grant recipients to ensure that they are documenting their costs and that the costs they claim are eligible for FEMA reimbursement; and 5) Conduct final audits of FEMA subgrantees as the rebuilding projects by local governments are completed. The audits will be conducted via in-house staff and contract auditors.

Objectives: During interim and final audits, we will determine whether grant costs were properly accounted for and expended according to federal regulations and FEMA guidelines. *Office of Disaster Assistance Oversight*

FEMA's Management and Oversight of Federally Declared Disasters Designated as FEMA -1577-DR-CA and FEMA-1585-DR-CA

The California Office of Emergency Services requested that we review FEMA's management of federally declared disasters FEMA-1577-DR-CA and FEMA-1585-DR-CA, winter storms of late 2004 and early 2005, respectively. Among their assertions is that FEMA, in administering these disasters, violated federal regulations prescribed by the *Robert T. Stafford Disaster Relief and Emergency Assistance Act, P.L. 93-288*, as amended, Title 44 of the Code of Federal Regulations, Part 206, the Public Assistance Policy Digest (FEMA 321), and the Public Assistance Guide (FEMA 322).

Objective: Determine whether FEMA properly managed the Public Assistance Program for the above noted disasters. *Office of Disaster Assistance Oversight*

FEMA's Award of 36 Trailer Maintenance and Deactivation Contracts
(Congressional)

Following Hurricane Katrina, FEMA awarded 37 task order contracts to maintain and deactivate trailers in Alabama, Louisiana, Mississippi, and Texas. Several of the unsuccessful bidders complained to FEMA, Congress, and the media that FEMA:

- Provided inconsistent information to bidders,
- Awarded contracts to unqualified bidders,
- Awarded contracts to contractors with excessive costs,
- Did not properly consider small and minority-owned businesses,
- Provided inadequate debriefing to unsuccessful bidders,
- Awarded contracts to “low ball” bidders, and
- Intends to destroy documentation supporting unsuccessful bids.

Congress held a hearing on the subject in May 2006. Shortly thereafter, two members asked us to review the contract.

Objective: To determine whether FEMA properly solicited and awarded contracts for temporary housing maintenance and deactivation. *Office of Disaster Assistance Oversight*

Use of the Disaster Relief Fund following DHS’ Establishment of the Preparedness Directorate

A DHS reorganization that took effect on October 18, 2005, nearly 2 months after Hurricane Katrina made landfall, eliminated the Emergency Preparedness & Response Directorate. FEMA, which had been part of that Directorate, was placed directly under the DHS Secretary. The reorganization created a DHS Preparedness Directorate separate from FEMA, which absorbed some of FEMA’s preparedness functions. These changes in organizational responsibilities create a situation whereby FEMA and the Preparedness Directorate may have overlapping funding objectives related to various preparedness and readiness activities. Given the broad funding spectrum of FEMA’s Disaster Relief Fund, it is critical that the DRF be monitored to ensure that it is being used appropriately.

Objective: To determine whether FEMA is using the Disaster Relief Fund for eligible expenses following DHS’ establishment of the Preparedness Directorate. *Office of Disaster Assistance Oversight*

Selected Components of FEMA’s Individual and Households Program

Several components of FEMA’s Individual Assistance grant program provide nonhousing assistance for disaster victims. For example, victims may be able to get reimbursement for generators, chain saws, medical and dental costs, lost personal property, automobiles, and funerals.

Objectives: To evaluate how FEMA determines what costs will be paid and ensures applicant eligibility, how efficiently and accurately claims are processed, how FEMA manages recertification for rental assistance, and how FEMA ensures recoupment of overpayments, duplicate payments, and payments to ineligible recipients.

Office of Disaster Assistance Oversight

FEMA's Technical Assistance Contracts

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

Objectives: To determine the adequacy of contract documents, price reasonableness, the effectiveness of the inspection and payment processes, the effective use of warranties, and FEMA's adherence to effective contracting practices.

Office of Disaster Assistance Oversight

FEMA Mission Assignments

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

Objective: To ensure that mission assignments were managed to satisfy mission requirements, funds were spent effectively and accurately accounted for, contracting followed proper procurement procedures, adequate documentation was maintained, and purchased property was managed according to governing laws and regulations.

Office of Disaster Assistance Oversight

FEMA Sheltering and Transitional Housing for Evacuees

Hurricanes Katrina and Rita produced more than 1 million evacuees. Many are still living in transitional housing. We are reviewing FEMA's planning for sheltering evacuees, and implementation of transitional housing that included long-term sheltering, hotels and motels, apartments, travel trailers and manufactured homes, cruise ships, and fixed facilities. We will include FEMA's coordination with state and local governments and voluntary agencies, and assess how well evacuee needs were met. The review will

identify the actions FEMA is taking to be better prepared to provide housing to evacuees of future catastrophic disasters and recommend ways to prevent problems that occurred during the response to Hurricane Katrina.

Objective: To determine to what extent FEMA's transitional housing program met the needs of hurricane victims and to identify weaknesses that need to be addressed for future disasters. *Office of Disaster Assistance Oversight*

FEMA's Property Management

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

Objective: To evaluate how personal property is acquired, received, issued, disposed of, controlled, and tracked by the JFOs, Agency Logistics Centers, Territory Logistics Centers, and Remote Storage Sites. *Office of Disaster Assistance Oversight*

Potential for Duplication Among Federal Disaster Assistance Programs

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

Objective: To produce a baseline report that identifies programs and areas within the federal government that are at risk of providing duplication of benefits to disaster victims. *Office of Disaster Assistance Oversight*

Potential for Improved Intergovernmental Coordination and Data Sharing Among Federal Agencies -Draft

A variety of federal agencies collect data that may benefit FEMA in activities such as determining eligibility of individuals for assistance and preventing duplicate assistance payments. Similarly, FEMA collects data that might be useful to other agencies. For example, FEMA data might contain information on the post-disaster location of missing children or others displaced by a disaster.

Objective: To review interagency data sharing processes and procedures to determine how interagency data sharing might improve the effectiveness of disaster response and recovery. *Office of Disaster Assistance Oversight*

Hurricane Katrina Fraud Task Force

Our investigators continue to be active participants on the Department of Justice Fraud Task Force established by the United States Attorney General on September 8, 2005. As a result of hurricanes Katrina and Rita, we have established offices in Baton Rouge, Louisiana, Biloxi, Mississippi, Mobile, Alabama, and Hattiesburg, Mississippi, and have staffed these offices primarily with temporary contractor investigators who are Cadre of On-Response Employees or Disaster Assistance Employees. We will continue to fully participate on the task force during FY 2007. *Office of Disaster Assistance Oversight*

Grants Financial Management Oversight and Accountability

The Office of Grants and Training (OGT) has stewardship for homeland security grants awarded to states, local governments, Indian tribal governments, and U.S. territories. In FY 2006, grants awarded by OGT exceeded \$3.3 billion and included preparedness grant programs such as the Homeland Security Grant Program, Urban Areas Security Initiative, Law Enforcement Terrorism Prevention Program, Metropolitan Medical Response System, and Citizen Corps Program. Our past and ongoing audits of the management of these grant programs by states and U.S. territories have shown that OGT may lack sufficient oversight of grant expenditures and overall financial management by the grantees.

Objective: Determine to what extent OGT is effectively monitoring grant expenditures and grantee adherence to the financial terms and conditions of the grant awards. *Office of Audits*

Grants Performance Oversight

In FY 2006, preparedness grants awarded by OGT to state and local governments and U.S. territories exceeded \$3.3 billion. The grants were awarded to provide grant recipients the resources that are critical to building and sustaining capabilities to implement state and urban area homeland security strategies for increased preparedness. Our past and ongoing audits of the management of these grant programs by states and U.S. territories have shown problems with the states strategies for using homeland security funds to increase preparedness. As a result, it is uncertain whether state and local governments and U.S. territories are better prepared.

Objective: Determine to what extent OGT is effectively monitoring preparedness of state and local governments and U.S. territories, and the impact of homeland security grant funds. *Office of Audits*

The World Trade Center Captive Insurance Company (Congressional)

In 2003, Congress provided FEMA \$1 billion to establish a captive insurance company or other appropriate insurance mechanism to handle claims against the City of New York and its contractors arising from debris removal at the World Trade Center site. In March 2003, in collaboration with FEMA, the City of New York established the World Trade Center Captive Insurance Company. Since the Company's inception, more than 8,000 individual claims have been submitted, but no claims have been paid. At the same time, the Company has spent several million dollars in federal funds on legal fees to defend New York City and others named as insured against these claims.

Objectives: Determine (1) why the World Trade Center Captive Insurance Company has chosen to litigate all claims instead of settling whenever possible, and (2) what procedures have been established to receive, review, and pay medical, hospital, surgical, and disability benefits to injured persons, and funeral and death benefits to dependents, beneficiaries, or personal representatives of persons who were killed.

Office of Inspections

FEMA Logistics Systems

FEMA relies on a number of automated logistics systems to support its disaster planning and recovery activities. During Hurricane Katrina in 2005, these systems were hard pressed to keep up with overwhelming support requirements, including the ability to track the transportation of personnel and supplies to stricken areas. In the aftermath of Hurricane Katrina, FEMA initiated efforts to improve its logistics processes and related systems.

Objective: Determine the effectiveness of FEMA's plans and approaches to reengineering its logistics processes and improving the capabilities of related information technology systems. *Office of Information Technology Audits*

Laptop Computer Security – FEMA

As the weight and price of laptops have decreased and their computing power and ease of use have increased, so has their popularity for use as primary or alternate computers for government personnel. However, due to their portability, the use of laptops significantly increases the risk of theft or loss. As a result, there is increased risk that national security or sensitive data may be exposed, possibly resulting in harm to our national infrastructure. Consequently, government organizations that provide for the use of laptop computers must take steps to ensure that the equipment and the information that is stored on them are adequately protected.

Objective: Determine whether FEMA has established and implemented adequate and effective security policies and procedures related to the physical security of and logical access to government-issued laptops. *Office of Information Technology Audits*

Carryover Projects from FY 2006

The Effectiveness of the State of New York's Urban Area Security Initiative Grant Program

In FY2006, the Urban Area Security Initiative funding was significantly reduced to \$711 million, was bundled with similar grants, and was part of the total \$1.6 billion Homeland Security Grant Program. Grant requirements remained essentially the same from year to year, except for costs relating to certain operational activities and time limits set to states for the obligation of funds to local units. The OGT determined funding using a combination of current threat estimates, critical assets within the urban area, and population density. Our audit will focus on the State of New York's:

- Methodology for identifying high-threat, high density urban areas;
- Assessment of threats, vulnerabilities, capabilities, and prioritized needs;
- Funding allocation methodology;
- Expenditure of grant funds on high priority requirements; and
- Measurement of improvements as a result of the grants and identification of best practices.

Objectives: Determine whether New York effectively and efficiently implemented the UASI Grant Program, achieved the goals of the program, and spent funds according to grant requirements.

States' Management of First Responder Grants Program (Seven Audits)

OGT is responsible for enhancing the capabilities of state and local jurisdictions to respond to, and mitigate the consequences of, incidents of domestic terrorism. To meet this responsibility, OGT awards federal "first responder" grant funds to states to assist local jurisdictions in acquiring specialized training, conducting preparedness exercises, acquiring equipment needed to respond to and manage incidents involving weapons of mass destructions, and planning and administering grants. Between 2003 through 2005, Congress appropriated approximately \$5.2 billion for first responder grants. The program has received substantial congressional and public interest in how states have been and are using these grants. In 2004, we reported slow spending of first responder grant funds due to delays caused by needed planning efforts, lengthy administrative process, and vendor backlogs. In addition, the audits completed in 2006 reported that states' efforts for managing grant awards need improvement.

Objectives: Determine whether Florida, Pennsylvania, Ohio, Michigan, New Jersey, Georgia, and West Virginia are effectively and efficiently implementing the First Responder Grant Program, achieving the goals of the program, and spending funds according to grant requirements. *Office of Audits*

Management of the State of Homeland Security Grant Program by the State of Colorado

OGT requested that we perform an audit of the State of Colorado's Homeland Security Grant Program. In its letter, the Office of Grants and Training noted that a 2005 Colorado State Auditor's Performance Audit of the program and monitoring visits by both program and financial officials identified a number of pervasive and serious weaknesses with the state's management of the program. Taken as a whole, program management weaknesses indicate the potential for a severe breakdown of internal controls related to financial management and reporting, grants management, and monitoring of the state's subgrantees, and strategic management and equitable distribution of resources.

Objective: Determine whether the State of Colorado expended its State Homeland Security Grant Program funds according to federal laws, regulations, and the applicable terms and conditions of the grant award agreement. *Office of Audits*

Assistance to Firefighters Grant Program

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

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

OFFICE OF HEALTH AFFAIRS

National Biosurveillance Integration System

The Office of Preparedness served as a lead agency in the development and operation of the National Biosurveillance Integration System. The purpose of this system is to detect biological and chemical attacks, and coordinate the real-time integration of biosurveillance data with threat information and recommended responses. This function is aligned with the DHS strategic goal of awareness, which includes identifying and understanding threats, assessing vulnerabilities, determining potential impacts, and disseminating timely information to our homeland security partners and the public.

The DHS Medical Officer will ensure a coordinated and unified approach to medical readiness by providing data-driven, scientifically based policy and advice to advocate public health needs. The National Biosurveillance Integration System's officials forecast that 20 percent of agencies representing the U.S. health community will be sharing timely information through the system in FY07, in support of the DHS Medical Officer's role.

Objectives: Determine whether the National Biosurveillance Integration System meets user requirements in support of The Strategy for Pandemic Influenza, and assess the extent to which the organization complies with information security and privacy standards and policies. *Office of Information Technology Audits*

OFFICE OF INTELLIGENCE AND ANALYSIS

(New) Nominations Process for the Consolidated Terrorist Watchlist

The Intelligence Reform and Terrorism Prevention Act of 2004 requires the Office of the Director of National Intelligence to report to Congress on whether there are consistent standards and adequate processes for maintaining accurate watchlists. As part of a joint review led by the Office of the Director of National Intelligence OIG, we will examine DHS processes for watch list nominations.

Objectives: Determine whether (1) processes and standards for nominating individuals to the consolidated watchlist are articulated, consistent, and understood by nominators; (2) quality control processes help ensure nominations are accurate, understandable, updated, and appropriately inclusive given information available to the components; (3) responsibility for watchlist nominations is effective and understood; (4) nominators receive adequate guidance on the nominations process; (5) agencies maintain sufficient

records of their nominations to the National Counterterrorism Center; and (6) components with terrorism information appropriately participate in the nomination process. *Office of Inspections*

Intelligence Oversight and Quarterly Reporting ([Mandatory](#))

Executive Order 12333 describes the limited, specific cases when a member of the Intelligence Community may collect, retain, or disseminate information on U.S. citizens. Another Executive Order, 12863, requires us to report on a routine basis how well the department has complied with 12333, and whether any violations have occurred. The USCG and I&A are the only two Intelligence Community members with DHS. This report, which is signed by the Inspector General and DHS General Counsel, is submitted quarterly to the Intelligence Oversight Board, a standing committee of the President's Foreign Intelligence Oversight Board.

Objective: Submit a letter report generated based on input from the USCG and I&A. *Office of Inspections*

Annual Evaluation of DHS' Information Security Program (Intelligence Systems) for Fiscal Year 2007 ([Mandatory](#))

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

Objective: Determine what progress DHS has made in resolving weaknesses cited in the prior year's review. *Office of Information Technology Audits*

OFFICE OF POLICY**DHS and Department of State Staffing of Visa Security**

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

Objectives: Determine (1) areas of authority and mission overlap between the Department of State and DHS in visa security issues; (2) the effectiveness of the MOU between State and DHS in guiding visa security coordination and cooperation; and (3) opportunities to clarify procedures and reduce duplication of effort. *Office of Inspections*

Management of DHS Overseas Operations

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

Objectives: Determine the scope and effectiveness of DHS management of international programs and personnel. This will include an evaluation of the recruitment, training, and deployment of personnel; the budgeting for overseas operations; and the interagency coordination of personnel and operational requirements. Finally, we will determine the effectiveness of DHS management oversight and internal controls of international programs. *Office of Inspections*

TRANSPORTATION SECURITY ADMINISTRATION

TSA Information Technology Management

Within DHS, TSA protects the nation's transportation systems to ensure freedom of movement for people and commerce. In addition to the administrative and other systems it needs to manage its day-to-day operations, TSA has begun implementing a number of technical solutions and high-profile initiatives to better support its transportation security mission.

Objectives: Determine the effectiveness of the TSA's efforts to manage the research, acquisition, and implementation of technology to ensure safe and effective movement of people and commerce. *Office of Information Technology Audits*

(New) TSA's Response to Employee Workplace Complaints

TSA has historically received a significant volume of reports concerning workplace-related problems, issues, and concerns, particularly from TSA operations at the Nation's airports. Complaints received at TSA may be handled by their Offices of Inspection or Ombudsman, or referred to us. Upon receipt of a specific allegation of fraud, waste, abuse, or mismanagement, TSA may open an investigation or review of the matter. We have also received a significant number of congressional inquiries concerning employee complaints about particular TSA airports.

Objective: Evaluate the effectiveness of TSA policies, procedures, and controls for collecting, analyzing and addressing information received from TSA employees about workplace issues and concerns. *Office of Audits*

(New) Controls over Screener Uniforms, Badges and Identification Cards

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

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

Airport Passenger and Baggage Screening Penetration

The *Aviation and Transportation Security Act* requires TSA to screen or inspect all passengers, goods, and property before entry into the sterile areas of the airport. Ensuring that passengers and their baggage are adequately screened reduces the opportunity for terrorists to create harm in the air traffic environment. Due to the recent London terrorist threat of liquid explosives being introduced into the sterile area, we will focus on TSA's policies, procedures, training, and equipment to prevent these threat items from entering the sterile areas of airports and the checked baggage system.

Objectives: Determine to what extent TSA's policies, procedures, training, equipment, and supervision ensure that screener performance prevents threat items from entry into the sterile area and the checked baggage systems of the nation's airports. *Office of Audits*

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

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

Objectives: Determine whether policies and procedures cause the Orlando International Airport to be susceptible to security breaches or vulnerable to the introduction of prohibited items on aircraft or in any other secure areas of the airport. *Office of Inspections*

Efforts to Enhance Transit and Passenger Rail Security

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

Objectives: Determine (1) the effectiveness of measures taken to date to enhance security throughout the nation's commuter rail systems; (2) TSA's current and future

plans to enhance rail security and evaluate them; and (3) the effectiveness of TSA's coordination with the Office of Infrastructure Protection and the Office of Grants and Training pertaining to commuter rail security enhancement. *Office of Inspections*

Follow-up Review of TSA Employee Background Checks

When TSA rapidly hired over 55,000 passenger and baggage screeners in 2002, it failed to conduct personnel security screening in a timely and thorough manner. In January 2004, we reported several causes for these personnel security weaknesses. The chief cause was an inadequate infrastructure for processing security checks. We issued 12 recommendations, nine of which were resolved and closed by August 2004. Since 2004, various reports to our office have indicated that TSA's personnel security screening continues to have problems with certain aspects of the screener background check process. This followup review will assess the effectiveness of TSA's corrective actions and examine issues that have come to our attention since the January 2004 report.

Objectives: Determine (1) what position risk designations TSA has and what background checks TSA completes for each designation; (2) the extent to which TSA's current adjudication standards permit TSA to retain or hire staff with derogatory background checks; and (3) the effectiveness of TSA's management of the screening process, including staffing levels, use of contractors, and compliance with federal law. *Office of Inspections*

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

A media report in September 2006 alleged that TSA employees in Jackson, Mississippi, claim security at Jackson-Evers International Airport is compromised regularly. The employees alleged that they are assisted by their supervisors in cheating on TSA security inspections, that they have been told to allow potentially dangerous passengers to board aircraft, and that top managers ignore safety procedures in order to protect their jobs and appease airlines flying out of Jackson. We will assess whether the integrity of the passenger screening process employed at Jackson-Evers International Airport ensures adherence to established TSA protocols and processes.

Objectives: Determine whether (1) Transportation Security Officers at Jackson-Evers International Airport received advanced notice of any covert testing; (2) Transportation Security Officers report the discovery of firearms and other dangerous prohibited items as required in TSA policy and directives; and (3) existing processes, which authorize certain individuals to fly armed, need strengthening. *Office of Inspections*

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

In October 2003, TSA established the National Deployment Force. This organization consists of full-time passenger and baggage screeners who have a home airport, but have volunteered to travel to other airports to provide screening support during emergencies, seasonal demands, or other special circumstances that require a greater number of screeners than are regularly available. There are concerns that the TSA is heavily reliant on this group in ways not intended and at great expense to the federal government.

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

Carryover Projects from FY 2006**TSA's Federal Employment Compensation Act Program**

The Federal Employees' Compensation Act provides for wage loss compensation, medical care and survivors' benefits to 3 million federal and postal workers around the world for employment-related injuries and occupational diseases. Under this act, Federal agencies are responsible for advising employees on their rights and responsibilities, completing and submitting claim forms to the Office of Workers' Compensation Program in a timely manner and continuing to pay injured employees who have experienced traumatic injuries. Agencies are also responsible for assisting employees in returning to work, challenging questionable claims, keeping in contact with the injured employee, managing compensation costs, and accommodating "light duty" work when able. The TSA has been criticized in the Congress and media for its rising and disproportionately high injury claims, primarily in its screener workforce. Fewer available screeners, reportedly, has resulted in high overtime costs, screening lanes being closed, missed training for screeners, and, potentially, putting security at risk.

Objectives: Determine whether TSA is effectively managing the *Federal Employees' Compensation Act* program and taking steps to reduce the number of workplace injuries and lost workdays, and minimizing FECA-related compensation costs. *Office of Audits*

Assessment of Highway Watch Program (Congressional)

Every day up to 3.2 million tractor-trailers use U.S. highways. To leverage the skills of these "eyes and ears" along this vast and open transportation network, the Office of Domestic Preparedness is administering a cooperative agreement with the American

Trucking Association to expand the Highway Watch® program to promote security awareness and information sharing among all segments of the commercial motor carriers and transportation community. Between FY 2003 and FY 2005, the Trucking Security Grant Program provided \$46 million to train the Nation's transportation community to recognize terrorist activity. Trained Highway Watch members make their reports to the Highway Watch Call Center, which routes the call to the appropriate law enforcement authorities. Security-related information is forwarded to the Highway Information Sharing and Analysis Center where it is processed, analyzed, and shared with government intelligence officials and other law enforcement agencies.

Objectives: Determine whether the roles of responsibilities of the various entities involved in the grant program and Highway Watch are clearly defined and whether the grant program is fulfilling its mission of enhancing security on our Nation's highways.
Office of Inspections

TSA's Oversight of Air Cargo Security on Passenger Aircraft

The Aviation and Transportation Security Act of 2001 requires the screening of all passengers and property, including cargo shipped on passenger aircraft. The amount of cargo transported on passenger aircraft is estimated to be about 6 billion pounds annually. TSA regulations require aircraft operators to inspect all cargo at the time of acceptance for visual signs of tampering, exposed wires, or leaks that may render the cargo unsafe to transport. TSA also requires air carriers to perform more in-depth screening on a certain percentage of cargo. An audit that we conducted in 2004 found physical inspections for screening cargo were ineffective because air carrier employees were not trained to identify explosives nor were they equipped with explosives screening equipment. Our recent work uncovered other deficiencies with cargo screening, including various interpretation and application of the exemption criteria by air carriers, and the lack of standardized training for personnel conducting screening activity, which might leave the air cargo system vulnerable to attack.

Objective: Determine whether TSA provides adequate oversight of carriers' compliance with TSA's security programs related to the handling and screening of cargo shipped on passenger aircraft. *Office of Audits*

Implementation of Aviation Security Requirements at Foreign Airports

Security at foreign airports is a major challenge for TSA. The agency is responsible for ensuring that appropriate security measures and protocols are established and implemented at foreign airports that fly planes to airports in the United States. TSA is required to conduct periodic security assessments of foreign air carriers and airports that fly domestically. After the "shoe bomber" incident, bombing attempt concerns were raised regarding the effectiveness of security screening at foreign airports to detect explosives on persons and carry-on baggage at foreign airports. The ranking member of

the Select Committee on Homeland Security requested that we review efforts by TSA to address the threat from terrorists attempting to carry an explosive device on their person or in their carry-on luggage at a foreign airports.

Objective: Determine whether the security program requirements for foreign air carriers and airports are compatible with the requirements for U.S. aircraft operators; determine the efficacy of TSA's efforts to perform periodic assessments at foreign airports; and determine whether the security requirements at selected airports are met.

Office of Audits

UNITED STATES COAST GUARD

(New) Acquisition Reform – United States Coast Guard Deepwater Program

We recently completed a series of scorecard surveys of selected acquisition functions and activities within the DHS including the USCG's Integrated Deepwater System Program (Deepwater), a \$24 billion, 25-year acquisition program designed to replace, modernize, and sustain USCG's aging and deteriorating fleet of ships and aircraft. Other recent reports by our office, the GAO, the Defense Acquisition University, and the USCG have identified significant cost, schedule, performance, and management oversight issues associated with the Deepwater Program. As a result, Congress has asked USCG to provide regular updates on key assets acquired under the Deepwater Program.

We will assess the USCG's progress in addressing the cost, schedule, performance, and oversight issues. To be responsive to Congressional concerns, the review will also include cost, schedule, and performance updates on key assets being acquired under the Deepwater Program.

Objectives: Evaluate the steps being taken by the USCG to address the cost, schedule, performance, and management oversight issues identified as a result of Deepwater Program reviews conducted by our office, the GAO, the Defense Acquisition University, and the USCG between June 2002 and June 2007. The review will include an analysis of USCG's recently issued Blueprint for Acquisition Reform. The report will also include cost, schedule, and performance updates for key Deepwater air and surface domain assets that are currently under development. *Office of Audits*

(New) Plan for Improving Agency Accountability – USCG Deepwater Program **(Congressional)**

The USCG's Deepwater Program is a \$24 billion, 25-year acquisition program designed to replace, modernize, and sustain the USCG's aging and deteriorating fleet of ships and

aircraft. Over the past year, a number of high profile audits, studies, and internal reviews have been conducted of the USCG's Deepwater Acquisition program. These reviews have identified a number of management challenges and risks that raise fundamental questions about the viability of the USCG's system-of-systems strategy for recapitalizing and upgrading its Deepwater fleet of small boats, patrol boats, cutters, helicopters, and fixed-wing aircraft. For example, the Deepwater contractor installed critical communication equipment and systems aboard the 123-foot patrol boats and Short-range Prosecutors that did not meet contract performance requirements. The patrol boats later developed cracks in the hull that necessitated their removal from service. Structural design flaws have also led to the suspension of design work on the Fast Response Cutter and the need for extensive structural modifications to the National Security Cutter. The Deepwater program is also experiencing challenges with the Vertical Unmanned Aerial Vehicle. The audit is being initiated at the request of Senators Cantwell and Snowe.

Objectives: Determine what actions the USCG has taken or plans to take to make the Integrated Coast Guard Systems Integrator financially and operationally accountable for contract failures associated with the 110'/123' Modernization Project, the acquisition of the Fast Response Cutter, Short Range Prosecutor, National Security Cutter, and Vertical Unmanned Aerial Vehicle. The review will include an assessment of the status of negotiations between the USCG and Integrated Coast Guard Systems Integrator to mitigate the performance impacts associated with NSC modifications. Finally, the review will evaluate the steps being taken or contemplated by the USCG to mitigate the operational impact these contract failures are having on mission readiness. *Office of Audits*

(New) United States Coast Guard's Acquisition of Maritime Patrol Aircraft

The Maritime Patrol Aircraft, (MPA) is the first major aviation asset to be produced under the Integrated Deepwater System program. Integrated Coast Guard Systems awarded the contract to European Aeronautic Defense and Space (EADS) for an original procurement order of 35 Casa CN-235-300M aircraft. Designated as HC-144A in the Coast Guard aviation inventory, this aircraft is a replacement for the 21 HU-25 Falcon jets which will be retired due to aging and obsolescence issues. The current procurement plan is 36 MPA's of which the first eight are on contract for production. The first two aircraft have been delivered to the Coast Guard Aircraft Repair and Supply Center in Elizabeth City, North Carolina for mission system pallet integration. Following integration of the pallet, it will enter its operational test and evaluation phase at the Coast Guard Aviation Training Center in Mobile, Alabama and is scheduled to enter operational service in late 2007.

Objective: Determine the extent to which the MPA will meet the cost, schedule, and performance requirements contained in the Deepwater program contract. *Office of Audits*

Procurement, Testing, and Deployment of Vertical Take-off and Landing Unmanned Aerial Vehicles

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

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

Objective: Determine to what extent USCG's oversight role and decision-making authority was effective in ensuring VUAVs are completed on time and within budget and achieve established operational capabilities.

United States Coast Guard Enterprise Architecture Implementation Process

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

Objectives: To determine the level of compliance with established federal guidance and DHS enterprise architecture policies and procedures, and to determine whether the USCG has aligned their strategic plans and individual business priorities within an appropriate enterprise architecture framework. *Office of Information Technology Audits*

United States Coast Guard Mission Performance (Mandatory)

The Homeland Security Act of 2002 directs our office to monitor the use of USCG assets on all USCG missions, with a particular emphasis on non-Homeland Security missions. Homeland Security missions include illegal drug interdiction; undocumented migrant interdiction; other law enforcement; ports, waterways, and coastal security; and defense readiness. Non-Homeland Security missions consist of search and rescue, aids to navigation, ice operations, living marine resources, marine safety, and maritime environmental protection. In the past, emphasis on many of the non-Homeland Security missions may have been reduced during crisis situations such as the response efforts to Hurricane Katrina, which caused severe devastation and flooding to the Gulf Coast in August 2005.

Objective: Determine the USCG's use of assets during FY 2007 and compare the utilization to prior years. *Office of Audits*

Marine Accident Investigations (Congressional)

The House Committee on Transportation and Infrastructure, and the Senate Committee on Commerce, Science, and Transportation, requested that we determine the extent to which marine casualty investigations and reports result in information and recommendations that prevent similar casualties, minimize the effect of similar casualties, and maximize lives saved in similar casualties. The final report is due to Congress on June 30, 2007.

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

Carryover Projects from FY 2006

Maintenance, Rehabilitation, and Upgrading of Shore Facilities in Support of United States Coast Guard Missions

The USCG occupies over 33 million square feet of building space, located at more than 1,600 sites, and owns 65,000 acres. The USCG estimates it has more than 21,000

buildings and structures. The estimated replacement value for these shore side assets is \$7.5 billion. Based on this value, and recent and projected shore infrastructure acquisition, construction, and improvement funding levels, USCG's recapitalization rate hovers around 200 years. To put this into perspective, the Department of Defense's target recapitalization rate for its facilities is 67 years.

Twice each year the USCG updates its Shore Facilities Requirements List, which is the planning document used to "ensure that planning, development, and execution of shore construction provides maximum benefit from USCG's limited [funding] resources." Projects on the list are divided into three categories: major projects (valued at over \$1.5M), minor projects (valued between \$200k and \$1.5M), and housing projects (any value).

The typical acquisition, construction, and improvement project requires 5 to 7 years to complete: 3 years to plan, 2 years to obtain funding and complete the design, and another 1 to 2 years to construct. Under their respective Maintenance and Logistics Command, USCG's Facilities Design and Construction Centers Atlantic Area and Pacific Area typically manage the larger projects. USCG Civil Engineering Units handle some minor projects, as well as nonrecurring maintenance projects.

Objectives: To determine the extent to which the USCG is adequately maintaining and rehabilitating shore facilities in support of USCG missions. The audit will also determine the extent to which the condition of these shore facilities is adversely impacting asset readiness, asset service life, and overall mission performance. *Office of Audits*

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

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

Local sector commanders designate high interest vessels based on the targeting matrix, which includes data from the Intelligence Coordination Center and the local field intelligence support teams. For example, analysts at the Intelligence Coordination Center conduct automated analyses that match crew lists, provide under 96-hour notice of arrival regulations with law enforcement (criminal and immigration) and anti-terrorism databases to determine if there is a threat. Commandant instruction mandates that all high interest vessels be boarded. However, the manner in which these boardings are executed is the responsibility of the local sector commander.

Objectives: Determine the extent of the USCG's ability, through intelligence-based operations, to collect, fuse, analyze, and disseminate intelligence regarding high interest vessels, cargoes, and crews attempting to enter U.S. seaports. *Office of Audits*

UNITED STATES CUSTOMS AND BORDER PROTECTION

Recruiting, Hiring, Background Checks and Training of Border Patrol Agents

The Border Patrol was established in 1924 and transferred into DHS – CBP in March 2003. The Border Patrol's mission is to prevent the entry of terrorists and their weapons of terrorism, and to enforce the laws that protect America's homeland by the detection, interdiction, and apprehension of people who attempt to illegally enter or smuggle people or contraband across our borders. Border patrol agents patrol nearly 6,000 miles of international land border with Canada and Mexico, and nearly 2,000 miles of coastal border.

In May 2005, President Bush announced his commitment to hire an additional 6,000 agents by the end of 2008, bringing Border Patrol's total strength to 18,000 agents. Public Law 108-458 requires the Border Patrol to increase the number of new agents by not less than 2,000 each year, beginning in FY 2006 and going through FY 2010. The House Homeland Security Committee held a hearing in May 2005 questioning whether the Federal Law Enforcement Training Center had capacity for 2,000 additional Border Patrol agents per year.

Last year, CBP launched a national recruiting campaign with plans to hire up to 2,100 new agents in 15 months. Before appointment, tentative selectees must undergo and satisfactorily complete a background investigation. The background investigation will include at least a personal interview, a check of past arrest records, a credit check, and interviews of employers and personal references. By December 31, 2008, CBP expects the Border Patrol agent workforce to be over 18,000, approximately 6,400 more than the number of agents currently employed.

Objectives: Determine to what extent CBP has the capability to recruit, hire, and train new agents; and has adequate controls over background checks for those agents.

Targeting of Oceangoing Cargo Containers – 2008 (Mandatory)

Section 809 (g) of the *Coast Guard and Maritime Transportation Act of 2004 (Public Law 108-293)* requires our office to evaluate and report on the effectiveness of the cargo inspection targeting system for international intermodal cargo containers.

In FY 2005, approximately 11 million cargo containers arrived at U.S. seaports. Since CBP officers are not able to review or inspect every container, CBP developed the Automated Targeting System (ATS) to assist in the selectivity and targeting of high-risk shipments. ATS uses weighted rules to evaluate and score shipments to determine whether the containers that make up the shipment are subject to immediate release, document review, or to an inspection. CBP's automated targeting capabilities are essential to the layered risk-management process employed to identify and inspect the high-risk cargo that warrants screening and inspection. The FY 2006 Presidential budget request for ATS was \$28.3 million.

Objective: Determine the effectiveness of the CBP Targeting System in detecting potential acts of terrorism using oceangoing cargo containers. *Office of Audits*

Review of SBInet Baseline

The Secure Border Initiative (SBI) is a comprehensive effort to secure our borders that includes CBP's program to modernize border patrol operations called SBInet. The SBInet is a new start, major acquisition program intended to gain operational control of the Nation's borders through improved use of technology, infrastructure, and personnel. CBP is using a high-risk acquisition strategy that is dependent on hiring a systems integration contractor to provide national and sector solutions for achieving the program's objective. Lacking organic capacity, CBP must also build the capacity to manage the program, and award and administer its many complex contract actions and interagency agreements as it starts the program. Further, CBP has yet to set an Acquisition Program Baseline, which is needed to establish performance and schedule requirements, estimate total acquisition costs, and justify program budgets.

Objectives: Determine the extent of CBP's development and implementation of the SBInet acquisition program baseline. Determine whether CBP has policies, capabilities, and practices to manage SBInet program risks. *Office of Audits*

Carryover Projects from FY 2006

Targeting Oceangoing Cargo Containers 2007 (Mandatory)

Sec. 809(g) of the *Coast Guard and Maritime Transportation Act of 2004* (Public Law 108-293) requires our office to annually evaluate and report on the effectiveness of the cargo inspection targeting system for international, intermodal cargo containers. Due to the high volume of international intermodal containers arriving into the United States (approximately 9 million in FY 2004), CBP officers are not able to review or inspect every container. As a result, CBP developed the ATS to assist in targeting high-risk shipments. ATS evaluates and scores shipments based on weighted rules. The score

received determines whether the container(s) that constitute the shipment are subject to immediate release, document review, or inspection. *The Department of Homeland Security Appropriations Act, 2006*, includes \$28.3 million for ATS, an increase of \$5.4 million over FY 2005. This is the third in a series of annual audits.

Objective: Determine the effectiveness of CBP's targeting system in detecting potential acts of terrorism using oceangoing cargo containers. *Office of Audits*

Customs and Border Protection Contract with Chenega Technical Services Corporation for Inspection Equipment Maintenance

Alaska Native corporations are eligible to participate in the Small Business Administration's 8(a) Business Development program. They have procurement advantages compared to other 8(a) firms, such as ability to win sole-source contracts without dollar limits. CBP used these advantages to award Chenega Technical Services Corporation a sole-source contract worth up to nearly \$500 million over 9 years. Due to the size and nature of this procurement, we are examining issues related to its award and oversight.

Objectives: Determine the propriety of CBP's decision to use the 8(a) Business Development program for equipment maintenance and Chenega Technical Services Corporation, and determine Chenega Technical Services Corporation's compliance with, and CBP oversight of, subcontracting limits. *Office of Audits*

Customs and Border Protection's Procurement of Untrained Canines **(Congressional)**

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

Objectives: Determine (1) the reasonableness of the cost of the untrained dogs; (2) whether each vendor who was awarded a contract possessed a federal license to engage in the sale of dogs at the time of responding to the solicitation, or obtained such license since award; (3) whether each vendor possessed a valid breeder's license at the time of responding, or obtained such license since award; (4) whether CBP acquisition personnel determined the necessity to validate license information; (5) the criteria used by CBP acquisition personnel to determine that dog trainers who are not breeders would be more appropriate for procuring untrained dogs; (6) whether subcontracting plans were

submitted by any vendors, and if so, whether the subcontractors were properly licensed; (7) whether CBP acquisition personnel investigated trainers' ability to care for the dogs; (8) the additional cost to CBP for dog handlers and dog training; (9) the capacity of CBP's dog training facility; (10) the percentage of dogs deemed unfit for service, and how CBP plans to dispose of dogs deemed unfit; and (11) the role of dog deployment in CBP's overall border protection strategy. *Office of Inspections*

Automated Targeting System Security Controls

Approximately 9 million oceangoing cargo containers arrive annually at seaports in the United States, making it impossible to physically inspect each container without hampering the flow of commerce. To determine which containers to inspect, CBP inspectors at overseas Container Security Initiative ports and U.S. seaports rely on the ATS. Based on information received by CBP on cargo and passengers, ATS assesses a risk rating to cargo and passengers. Inspectors then use this information to determine whether an inspection should be conducted, and if so, what type of inspection is warranted.

Objective: Determine whether adequate logical and physical access, configuration management, and continuity of operations controls have been implemented for the ATS and its data. *Office of Information Technology Audits*

UNITED STATES IMMIGRATION AND CUSTOMS ENFORCEMENT

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

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

Objectives: In respect to two cases, determine whether ICE officials and contractors complied with all relevant detention standards, particularly the standard for medical care. Evaluate ICE compliance with procedures in the event of a detainee's death, including notifications to next-of-kin and disposition of property. *Office of Inspections*

Carryover Projects from FY 2006

Coordination Between the Federal Bureau of Investigation and Immigration and Customs Enforcement on Investigations of Terrorist Financing (Congressional)

At the request of the Chairman of the Senate Finance Committee, we will conduct a review of allegations made by an ICE special agent in charge that the Federal Bureau of Investigation (FBI) intentionally mishandled a terrorist finance investigation conducted by his office. In addition, we will examine the success and effectiveness of a memorandum of agreement between the FBI and ICE that prescribes the cooperative measures with regard to terrorist finance investigations. This is to be a joint review with the Department of Justice OIG.

Objectives: Determine whether (1) the actions of ICE and FBI personnel were appropriate, and (2) the agreement promotes effective and efficient cooperation and coordination of terrorist finance investigations. *Office of Inspections*

Removal of a Canadian Citizen to Syria (Congressional)

Our office is evaluating the decision by the Immigration and Naturalization Service (INS) to remove a Canadian and Syrian citizen to Syria, where he alleges that he was tortured. The INS at John F. Kennedy International Airport detained this person on September 26, 2002, while he was returning to Montreal from a family vacation in Tunisia. He was carrying a Canadian passport. According to news reports, U.S. officials alleged that he had connections to al-Qaeda. He was consequently detained and questioned before being removed (an “extraordinary rendition”) to Syria. The former Ranking Member of the House Committee on the Judiciary requested the review.

Objectives: Determine how U.S. immigration officials arrived at their decision to remove this person to Syria and whether the decision was made within prescribed INS policies. *Office of Inspections*

MULTI-COMPONENTS

DHS Counter-Terrorist Information Sharing for Critical Infrastructure Protection (HSIN Follow-Up)

There is concern about whether the federal government is effectively communicating and sharing information with private industry to help ensure rapid and effective response to failures of, or potential attacks on, critical sector operations. Sector disruptions or denial

of service for an extended period of time can cause a dangerous ripple effect of death and destruction across the Nation's infrastructure. For example, as highlighted by the Thursday, August 14, 2003, blackouts in the northeastern United States and Canada, and the wide-spread power outages pursuant to Hurricane Isabel the following month, massive regional electrical failures may be a potential goal of our terrorist enemies, raising concerns about the vulnerability of U.S. public sector operations to possible enemy attack. DHS is responsible for analyzing, prioritizing, and sharing information with sector organizations to help safeguard or address potential disruptions to critical sector operations.

Objectives: Determine the effectiveness of DHS' strategies and tools for communicating and collaborating with private industry to ensure rapid response to potential failures of or attacks on critical sector operations. *Office of Information Technology Audit*

(New) A Review of the Implementation of OIG Recommendations

As of September 30, 2006, open recommendations from our audit and inspection reports that require further DHS action numbered 1,688. Most often, DHS components agree with recommendations and propose actions to implement them, but corrective action occurs over months or years. DHS components are required to provide us with periodic reports of their progress toward closing recommendations.

Objectives: Determine the status of all outstanding recommendations and identify component offices responsible for their implementation. Evaluate DHS and our procedures for monitoring and closing recommendations in order to identify opportunities to increase timely closure of recommendations. *Office of Inspections*

(New) DHS Internal Investigations Capabilities

DHS maintains an internal investigative capacity to ensure that its employees conduct themselves in accordance with legal, administrative, and ethical standards. Multiple DHS components, including, CBP, ICE, and TSA, and our organization have this investigative capability.

Objectives: Survey the department's internal investigative capability to determine (1) the appropriateness of investigative techniques; (2) the scope and nature of information gathering; (3) how reports of investigation are analyzed, classified, and assigned; and (4) any limitations on investigating employee misconduct, allegations of criminal activity, workplace violence, and ethics issues. *Office of Inspections*

(New) DHS Data Mining

Data mining refers to the process of knowledge discovery, predictive modeling, and analytics. Data mining includes evolving technologies that assist in the discovery of

patterns and relationships from vast quantities of data. It employs techniques from statistics, machine learning, database management, and visualization to aid the work of analysts, agents, and investigators and provides knowledge in a manner that aids and informs decisionmakers. The Homeland Security Act authorizes DHS to use data mining tools and other advanced analytics to access, receive, and analyze information.

Our June 2006 report identified and described 12 systems and capabilities that DHS personnel use to perform data mining activities to support DHS' mission of counterterrorism. For DHS, in particular, improving current capabilities in data mining will aid DHS in targeting high-risk cargo for further examination, assisting analysts in evaluating whether a document is counterfeit, collecting tactical information related to suspicious activities, and detecting anomalies and relationships indicative of criminal activity.

Objectives: Determine the adequacy of the level of management oversight over data mining activities, and determine whether it complies with security and privacy requirements. *Office of Information Technology Audits*

United States Citizenship and Immigration Service Management of Benefit Fraud Referrals to ICE

According to the United States Citizenship and Immigration Service (USCIS), ICE's benefits fraud unit declines to investigate about 70 percent of USCIS referrals, including 100 percent of single scope marriage fraud. Marriage fraud is a known tool for terrorists to embed in U.S. society. ICE's inability to pursue more USCIS leads has led USCIS to create its own fraud task forces and go into the communities to develop cases, which may raise legal issues since USCIS has no enforcement authority.

Objectives: Examine how USCIS and ICE are defining and dividing the benefits fraud workload and determine the outcome of referrals; determine what law enforcement and administrative resources the components use for benefits fraud cases, including what role USCIS fraud task forces perform; and assess whether the amount of resources used for this mission matches risks and ICE's enforcement strategy. *Office of Inspections*

Carryover Projects from FY 2006

DHS Intelligence Collection and Dissemination

DHS is responsible for guarding our borders and preventing illegal aliens, narcotics, and other contraband from entering the country. Since September 11, 2001, securing our borders has taken on a new emphasis of preventing terrorists from entering the country. DHS must secure 95,000 miles of coastline and 7,000 miles of land border with limited

resources. To maximize the effectiveness of those resources, DHS uses intelligence as a force multiplier. DHS must collect, analyze, and disseminate intelligence not only within its components, but also with agencies outside of DHS such as the Department of Defense, Department of Justice, and the Intelligence Community. There are a number of offices within DHS component agencies that are involved with intelligence activities, such as the Transportation Security Intelligence Service, the CBP Office of Intelligence, the USCG Intelligence Coordination Center, the ICE Office of Intelligence, and the Office of Intelligence and Analysis.

Objectives: Examine DHS activities to determine (1) what intelligence activities exist within DHS; (2) the specific functions of each; (3) whether there are areas of redundancy and the potential for cost savings and improved operational effectiveness by consolidating some functions; and (4) whether there is a cohesive, DHS-wide structure for directing and providing oversight of the various intelligence activities. *Office of Inspections*

DHS Progress Addressing Challenges in the Relationship between CBP and ICE

DHS has acknowledged that there are challenges in the relationship between CBP and ICE. DHS indicated that organizational changes contemplated as a result of the Secretary's Second Stage Review and initiatives undertaken under its Secure Border Initiative will resolve these challenges, and that it will develop performance metrics related to its objectives. In addition, our report on the possible merger of ICE and CBP contains recommendations for corrective action that we will monitor. To evaluate progress in these areas, we will review DHS' plans for implementing our recommendations, the Secure Border Initiative, and changes resulting from the Secretary's Second Stage Review.

Objectives: Determine DHS progress in addressing difficulties in the relationship between CBP and ICE; in particular, the progress of DHS initiatives to improve (1) coordination between apprehension and detention and removal operations; (2) coordination between interdiction and investigation operations; and (3) intelligence and information sharing. *Office of Inspections*

Recent Chinese Smuggling Cases' Affect on the Container Security Initiative and Customs-Trade Partnership Against Terrorism ([Congressional](#))

In January and April 2005, 32 and 39 Chinese nationals, respectively, were found emerging from containers arriving at the Port of Los Angeles. Irrespective of their purpose, of greater concern is that they could have been members of terrorist organizations or that the container could have contained a weapon of mass destruction. The containers involved were targeted by DHS for examination or document review, yet apprehension of the nationals resulted only because of the vigilance of dockworkers.

The Senate Committee on Homeland Security and Governmental Affairs and the House Committee on Homeland Security requested that we review whether current layers of container security are effective in mitigating the smuggling threat; whether DHS is learning from and adjusting its operations based on these incidents; and whether additional changes should be considered.

Objectives: Determine (1) the lessons learned from these recent human smuggling incidents, and (2) whether DHS is incorporating lessons learned from these events into its targeting systems and operations. *Office of Inspections*

DHS' Maritime Alien Interdiction Operations and Processing of Aliens Who Have Been Interdicted at Sea

Thousands of people try to enter this country illegally every year using maritime routes, many via smuggling operations. Interdicting migrants at sea means they can be quickly returned to their countries of origin without the costly processes required if they successfully enter the United States, its territory, or its possessions. USCG, CBP, and ICE are all responsible for interdiction of aliens attempting to enter the United States unlawfully by sea. The USCG conducts patrols and coordinates with other federal agencies and foreign countries to interdict undocumented migrants at sea. CBP and ICE also enforce and administer immigration and nationality laws in conjunction with the inspection of all persons seeking admission into the United States. CBP and ICE have small boats close to shore that may interdict migrants during their patrols.

Objectives: Review maritime alien interdiction operations to determine (1) how DHS agencies interdict illegal aliens attempting to enter the United States by sea; (2) how DHS agencies coordinate interdiction efforts with other agencies; (3) how interdicted aliens are detained or repatriated; and (4) whether DHS is allocating the necessary resources to effectively complete their mission with regard to maritime interdiction.

Office of Inspections

Security, Immigration, and Trade Policies Along the Michigan – Canadian Border

Michigan is the principal gateway for international trade with Canada. To illustrate, the Ambassador and Blue Water Bridges rank as the top two commercial crossings on the U.S.-Canada border, with more than 4.7 million annual truck crossings and 19.4 million annual passenger crossings. The Michigan Department of Transportation is currently operating under an implicit border policy embedded within the State Long Range Plan. However, it would like to adopt an explicit border policy because, as it stands, no single authority regulates or coordinates border crossing policies or lobbies for improvements. Currently, a mixture of government agencies on both sides of the border controls the border. Michigan has been featured heavily in reports of travelers with watch list records who seek entry to the United States.

Objectives: Determine whether security policies and agreements between the U.S. and Canadian governments, the State of Michigan, and local law enforcement entities—with potential focus on security procedures in effect at the Ambassador and Blue Water Bridges—are sufficient to prohibit travelers with watch list records from gaining entry to the United States. *Office of Inspections*

Chapter 5 – Completed Projects

Completed Reports October 1, 2006 – March 31, 2007

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

	Report Number	Management Reports Issued	Date Issued	DHS Component
1.	OIG-07-01	Treatment of Immigration Detainees Housed at Immigration and Customs Enforcement Facilities	12/06	USCIS
2.	OIG-07-02	The State of North Carolina's Management of State Homeland Security Grants Awarded During Fiscal Years 2002 and 2003	10/06	Preparedness
3.	OIG-07-03	Management Advisory Report on the Condition, Losses, and Possible Uses of FEMA Modular Housing	10/06	FEMA
4.	OIG-07-04	Review of Allegations Regarding San Francisco International Airport	10/06	TSA
5.	OIG-07-05	Federal Protective Service Needs to Improve its Oversight of the Contract Guard Program	10/06	ICE
6.	OIG-07-06	Audit of the Federal Emergency Management Agency's Public Assistance Grant Funds Awarded to the Macon Water Authority After Tropical Storm Alberto	11/06	FEMA
7.	OIG-07-07	Risk Management Advisory for the SBInet Program Initiation	11/06	ICE
8.	OIG-07-08	Review of U.S. Immigration and Customs Enforcement's Detainee Tracking Process	11/06	ICE
9.	OIG-07-09	Audit of Targeting Oceangoing Cargo Containers (Unclassified Summary)	11/06	CBP
10.	OIG-07-10	Independent Auditors' Report on DHS' FY 2006 Financial Statements (Excerpts from the DHS Performance Accountability Report)	11/06	Management

Report Number	Management Reports Issued	Date Issued	DHS Component	
11.	OIG-07-11	U.S. Citizenship and Immigration Services' Progress in Modernizing Information Technology	11/06	USCIS
12.	OIG-07-12	Major Management Challenges Facing the Department of Homeland Security (Excerpts from the FY 2006 DHS Performance and Accountability Report)	12/06	Multiple Components
13.	OIG-07-13	Audit of DHS' Corrective Action Plan Process for Financial Reporting – Report No. 3	12/06	Management
14.	OIG-07-14	Improvements Needed in TSA's Federal Flight Deck Officer Program (<i>Unclassified Summary</i>)	12/06	TSA
15.	OIG-07-15	Implementation Challenges Remain in Securing DHS Components' Intelligence Systems (<i>Unclassified Summary</i>)	12/06	I&A
16.	OIG-07-16	Improved Administration Can Enhance U.S. Customs and Border Protection Laptop Computer Security (<i>Redacted</i>)	12/06	CBP
17.	OIG-07-17	Letter Report: FEMA's Progress in Addressing Information Technology Management Weaknesses	12/06	FEMA
18.	OIG-07-18	Special Report: Letter on Information Technology Matters Related to TSA's FY 2005 Financial Statements (<i>Redacted</i>)	12/06	TSA
19.	OIG-07-19	Independent Auditors' Report on CBP's FY 2006 Consolidated Financial Statements (Excerpts from the CBP Performance and Accountability Report)	12/06	Management
20.	OIG-07-20	FY 2006 Audit of DHS' Internal Control Over Financial Reporting	12/06	Management
21.	OIG-07-21	Review of FEMA Internal Controls for Funding Administrative Cost under State Management Grants	1/07	FEMA
22.	OIG-07-22	DHS' Management of BioWatch Program	1/07	TSA
23.	OIG-07-23	Acquisition of the National Security Cutter, U.S. Coast Guard	1/07	USCG

Report Number	Management Reports Issued	Date Issued	DHS Component	
24.	OIG-07-24	Letter Report: DHS' Implementation of Protective Measures for Personally Identifiable Information (Redacted)	1/07	Management
25.	OIG-07-25	Technical Security Evaluation of DHS Activities at Dulles International Airport (Unclassified Summary)	1/07	Management
26.	OIG-07-26	Audit of Federal Emergency Management Agency Public Assistance Grant Funding Awarded to the City of Richmond California After the Loma Prieta Earthquake	2/07	FEMA
27.	OIG-07-27	110'/123' Maritime Patrol Boat Modernization Project, United States Coast Guard	2/07	USCG
28.	OIG-07-28	ICE's Compliance with Detention Limits for Aliens With a Final Order of Removal From the United States	2/07	ICE
29.	OIG-07-29	Audit of DHS' Corrective Action Plan Process for Financial Reporting – Report No. 4	2/07	Management
30.	OIG-07-30	Follow-up Review on Recommendations from Audit of Procedures to Detect Uranium in Two Smuggling Incidents (Unclassified Summary)	2/07	CBP
31.	OIG-07-31	Special Transient Accommodations Program for the Evacuees From Hurricane Katrina and Rita	2/07	FEMA
32.	OIG-07-32	Review of Customs and Border Protection's Agriculture Inspection Activities	2/07	CBP
33.	OIG-07-33	The Department of Homeland Security's Role in Food Defense and Critical Infrastructure Protection	2/07	National Protection & Programs
34.	OIG-07-34	An Assessment of United States Immigration and Customs Enforcement's Fugitive Operations Teams	3/07	ICE
35.	OIG-07-35	Audit of Airport Secured Area Access Controls (Unclassified Summary)	3/07	TSA
36.	OIG-07-36	FEMA's Award of 36 Trailer Maintenance and Deactivation Contracts	3/07	FEMA
37.	OIG-07-37	Department of Homeland Security Executive Transportation and Shuttle Bus Services Contract Review	3/07	Management

Chapter 6 – Projects Deferred

Title	DHS Component	Start
Security Controls for Automated Commercial Environment	CBP	April 2008
Carrier Fines Processing at U.S. Ports of Entry	CBP	April 2008
Automated Commercial Environment Cargo Selectivity and Targeting	CBP	March 2008
Evaluation of the Secure Border Initiative	CBP	June 2008
FEMA's Oversight and Effectiveness of the Pre-Disaster Mitigation Grant Program in Reducing Effects from Natural Hazards	FEMA	January 2008
State Management of Homeland Security Grant Funds	FEMA	February 2008
DHS' Progress in Implementing MOU with States and Local Governments Under 287(g) of the Immigration and Nationality Act	ICE	May 2008
ICE Worksite Enforcement: the March 2007 New Bedford Apprehensions	ICE	November 2007
Intelligence and Analysis Fusion Center Initiative	I&A	November 2007
Information Sharing at the National Operations Center	I&A	March 2008
Office of National Drug Control Policy Review	Management	November 2008
Internet Protocol version 6	Management	June 2008
Internet Use and Management	Management	June 2008
Portable Electronic Devices	Management	July 2008
Operational Structure and Coordination of Overseas Missions and Operations	Multiple Components	November 2007
Relationship Between the Preparedness Directorate and the FEMA Directorate	Multiple Components	December 2007
Personnel Security Clearance Screening	Multiple Components	February 2008
Petroleum and Natural Gas Sub-sectors	National Protection & Programs	January 2008
Vulnerability Assessment Methodologies	National Protection & Programs	April 2008
Use of Critical Infrastructure Data for Programmatic Analysis	National Protection & Programs	March 2008
Research and Development in Aviation	S&T	January 2008
Organizational Structure, Programs, and Human Capital Needs	S&T	May 2008
Homeland Security Policy Institute	S&T	June 2008
TSA's On-Screen Alarm Resolution Protocol	TSA	January 2008
United States Coast Guard Response Capabilities for High-Risk Vessels Entering United States Ports	USCG	February 2008
Systems to Review Alien Status Verification	USCIS	FY 2009
Consistent Application of the Citizenship and Immigration Service Adjudication Process	USCIS	March 2008
Electronic Crimes Task Forces	USSS	FY 2009

Chapter 7 – Cancelled Projects

Title	DHS Component	Status
One Face at the Border Initiative	CBP	Cancelled
Lessons Learned – PCIE After Action Report	FEMA	Cancelled
Effectiveness of S, T, and U Visas in Prosecuting Human Trafficking	ICE	Cancelled
MOU between DHS and the General Services Administration - Joint Audit with the General Services Administration OIG	ICE	Cancelled
Homeland Infrastructure Threat and Risk Analysis Center	I&A	Cancelled
Audit of DHS' e-Gov Initiatives	Management	Cancelled
DHS Disaster Communications	Multiple Components	Cancelled
New Technologies to Screen Passengers and Their Property	TSA	Cancelled
Review of Systems to Enable Alien Status Verification	USCIS	Cancelled

**Appendix A
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Appendix B Table of Acronyms

ATS	Automated Targeting System
BPA	blanket purchase agreement
CBP	Customs and Border Protection
DHS	Department of Homeland Security
FBI	Federal Bureau of Investigation
FEMA	Federal Emergency Management Agency
FISMA	Federal Information Security Management Act
FTE	full-time equivalent
FY	fiscal year
GAO	Government Accountability Office
GSA	General Services Administration
HSARPA	Homeland Security Advanced Research Projects Agency
I&A	Office of Intelligence and Analysis
ICE	Immigration and customs Enforcement
INS	the Immigration and Naturalization Service
JFOs	Joint Field Offices
MOU	Memorandum of Understanding
NCSD	National Cyber Security Division
NFIP	National Flood Insurance Program
NPSC	National Processing Service Centers
OGT	Office of Grants and Training
OIG	Office of the Inspector General
OMB	Office of Management and Budget
ONDCP	Office of National Drug Control Policy
S&T	Science and Technology Directorate
SBI	Secure Border Initiative
TSA	Transportation Security Administration
UCGS	Integrated Coast Guard Systems Integrator
USCG	United States Coast Guard
USCIS	The United States Citizenship and Immigration Service

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