



**Revised
Annual Performance Plan
For FY 2010**



**DEPARTMENT OF HOMELAND SECURITY
Office of Inspector General**

The Department of Homeland Security

Office of Inspector General

Revised Annual Performance Plan For FY 2010

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

A Message From the Inspector General

I am pleased to present our *Revised Annual Performance Plan for FY 2010* (Plan) for the Department of Homeland Security's (DHS) Office of Inspector General. The revised Plan presents updates to our eighth annual performance plan issued in October 2009, and outlines the new projects that we intend to undertake during the remainder of this fiscal year to evaluate DHS' programs and operations.

Our revised Plan includes 20 new projects that will address issues such as noncompetitive contracting operations, tenant satisfaction at the Mount Weather Emergency Operations Center, and financial assistance provided to the Association of Community Organizations for Reform Now (ACORN).

We have included an updated status on each of our previously published projects. Our updates show whether projects are (1) in progress, (2) completed with a report issued, (3) deferred until after FY 2010, or (4) canceled due to time constraints or other factors. We provide narratives for only those projects that are new or are still in progress at the time of this update.

We anticipate that the remainder of the fiscal year will be just as challenging and demanding as the first half. By revising our Plan midway through the year, we are able to address emerging issues confronting DHS in its daily effort to reduce America's vulnerability to terrorism and to minimize the damage and speed the recovery from manmade attacks and natural disasters that may occur.

In developing the revised Plan, we attempted to address the interests and concerns of DHS senior management officials, Congress, and the Office of Management and Budget. We remain focused on our core mission of conducting independent and objective audits, inspections, and investigations to promote economy, efficiency, and effectiveness in DHS' programs and operations, and to prevent and detect fraud, waste, abuse, and mismanagement.



Richard L. Skinner
Inspector General

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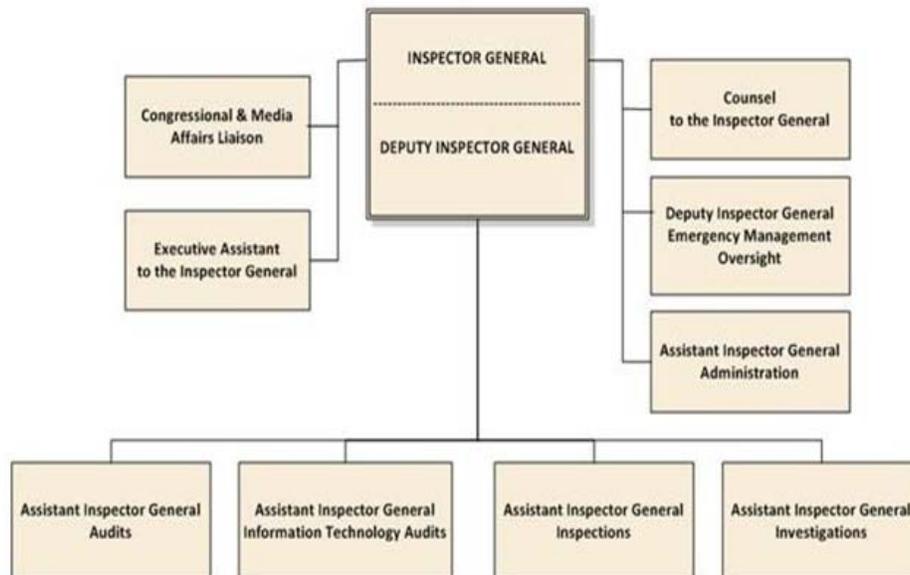
Chapter 1 – OIG Mission, Responsibilities, and Structure

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).

Specifically, the OIG’s key legislated responsibilities are as follows:

- 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 government agencies and nongovernmental entities regarding the mandated duties of the OIG; and
- Keep the Secretary and Congress fully and currently informed of problems in agency programs and operations.

We consist of an Executive Office and eight functional components based in Washington, DC. We also have field offices throughout the country and more than 600 full-time equivalents. The following chart illustrates our organizational structure

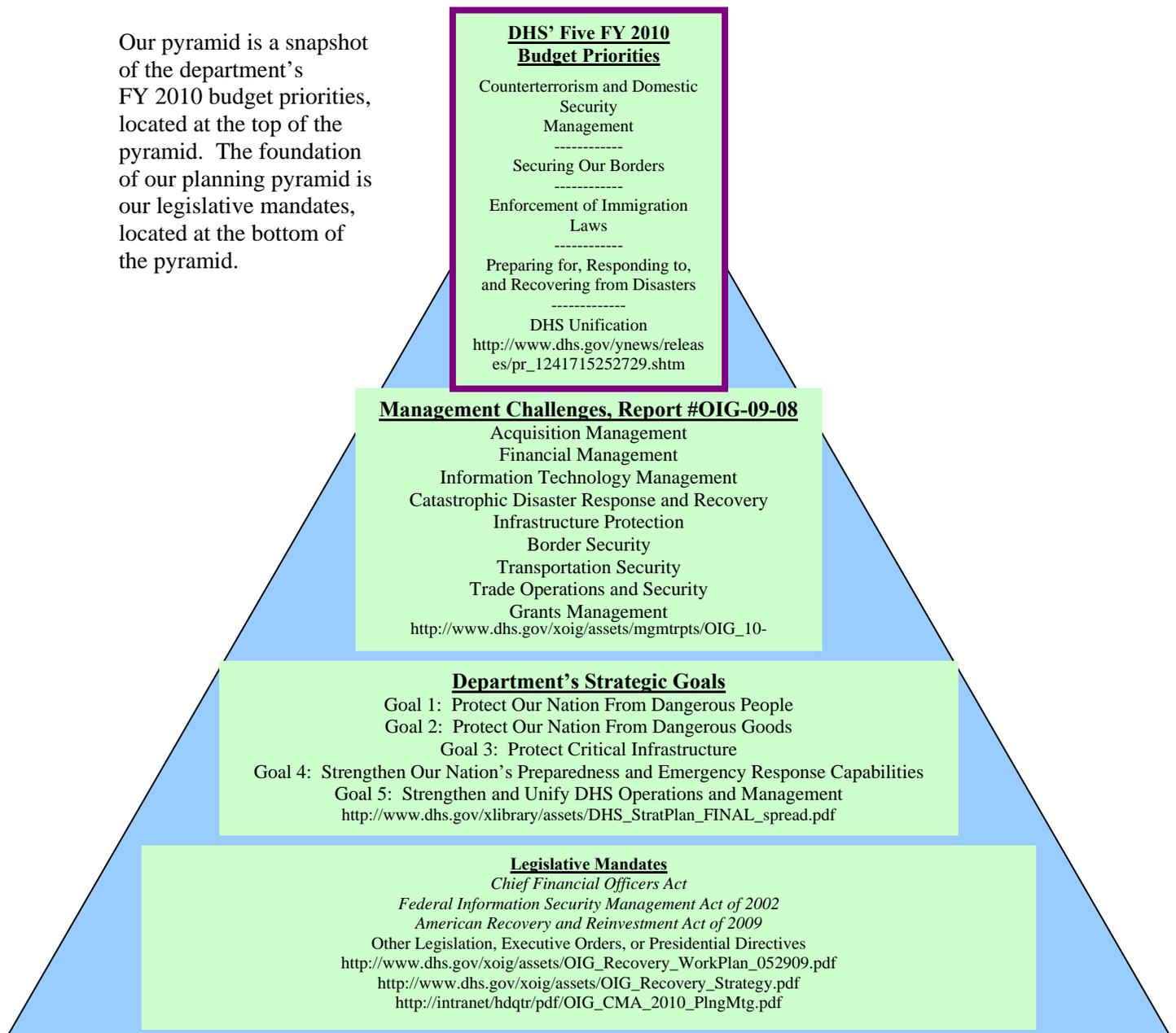


Chapter 2 – FY 2010 Planning Approach

In FY 2010, the department has five major priorities: counterterrorism; border security; enforcement of immigration laws; disaster preparedness, response, and recovery; and DHS unification by building a “one-DHS” culture among the department’s different components.

In this revised Plan, we are maintaining our focus on the department’s five major priorities and its major management challenges listed in our report *Management Challenges Facing the Department of Homeland Security* (OIG-10-16). We also give priority to legislative mandates such as the *Chief Financial Officers Act* (Public Law 101-576), *Federal Information Security Management Act* (FISMA) (44 U.S.C. 3541, et seq.), *American Recovery and Reinvestment Act of 2009* (*Recovery Act*), and other significant legislation, Executive Orders, or Presidential directives.

Our pyramid is a snapshot of the department’s FY 2010 budget priorities, located at the top of the pyramid. The foundation of our planning pyramid is our legislative mandates, located at the bottom of the pyramid.



Chapter 3 – Project Narratives

DIRECTORATE FOR MANAGEMENT

New Project (√)	Project Status Summary as of March 31, 2010	Status
√	Use of Other Than Full and Open Competition (Non-Competitive Contracting) FY 2010 <i>(Mandatory)</i>	Planned
√	Mount Weather Emergency Operations Center Tenant Satisfaction Survey	In progress
	Annual Evaluation of DHS' Information Security Program for FY 2010 <i>(Mandatory)</i>	In progress
	IT Matters Related to the FY 2009 Financial Statement Audits <i>(Mandatory)</i>	In progress
	DHS' Data Center Consolidation Program	In progress
	DHS Financial Systems Consolidation Initiative	In Progress
	DHS Personnel Systems Security	In progress
	DHS' Oversight of Component-level Acquisition Programs	In progress
	FY 2010 Chief Financial Officer (CFO) Act Audits – Audits of the DHS' Consolidated Financial Statements, Internal Control Over Financial Reporting (ICOFR), and the Individual Financial Statements of the United States Custom and Border Protection (CBP) <i>(Mandatory)</i>	In progress
	FY 2010 Office of National Drug Control Policy Review at CBP, ICE, and USCG <i>(Mandatory)</i>	In progress
	Use of DHS Purchase Cards	In progress
	Security Controls for the Active Directory	In progress
	FY 2009 Integrated DHS Consolidated Chief Financial Officer Act and Internal Control Over Financial Reporting Audit; and the Individual Financial Statement Audits of TSA	In progress
	DHS Contracts Awarded through Other Than Full and Open Competition During FY 2009 (OIG-10-55) <i>(Mandatory)</i>	Completed
	DHS Contracts With Low Wage Payments (OIG-10-10)	Completed
	Resource and Security Issues Hinder DHS' Implementing of Homeland Security Presidential Directive 12 (Titled changed from DHS' Progress in Implementing Homeland Security Presidential Directive 12) (OIG-10-40)	Completed
	FEMA's Working Capital Fund FY 2009 (OIG-10-35)	Completed
	DHS' Acquisition Data Management Systems (OIG-10-42)	Completed
	DHS Contracts Awarded Through Other Than Full and Open Competition During FY 2008 <i>(Mandatory)</i> (OIG-10-71)	Completed
	FY 2009 Integrated DHS Consolidated Chief Financial Officer Act and Internal Control Over Financial Reporting Audit; and the Individual Financial Statement Audits of CBP, FLETC, ICE, USCIS (OIG-10-51, OIG-10-59, OIG-10-65, OIG-10-70, and OIG-10-73)	Completed
	DHS IT Management Structure Followup	Deferred
	DHS Financial Systems Consolidation Project	Canceled
	Unauthorized Client Software	Canceled
	FY 2010 Audits of Individual Financial Statements of FLETC, TSA, ICE, and USCIS	Canceled
	Data Center Consolidation Issues at Stennis Space Center	Canceled
	Coast Guard Management Letter for FY 2009 Consolidated Audit	Canceled

Since the publication of our FY 2010 Annual Performance Plan, we have two new projects planned under the Directorate for Management:

(New) Use of Other Than Full and Open Competition (Noncompetitive Contracting)
FY 2010 (Mandatory)

Competition is presumed to provide the government the best value in obtaining needed supplies and services. Federal regulations provide for noncompetitive acquisitions under certain conditions. Allowable justifications for sole source awards include special programs, such as the 8(a) Business Development Program for small and disadvantaged businesses. When the federal government awards contracts with other than full and open competition, the procuring agency must document its justification in writing and obtain the approval of appropriate designated officials. The *Consolidated Appropriations Act* directs the OIG to review the department's contracts awarded during the previous fiscal year through other than full and open competition to determine compliance with applicable laws and regulations.

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

(New) Mount Weather Emergency Operations Center Tenant Satisfaction Survey

The OIG received complaints from Mount Weather Emergency Operations Center (MWOEC) tenant organizations related to tenant satisfaction with MWOEC operations. Since MWOEC operations are funded solely through rental income and services charged to those tenant organizations, it is important for MWOEC to retain its tenant organizations. To determine overall tenant satisfaction, the OIG will perform a tenant satisfaction survey of all tenant organizations.

Objectives: To measure tenant satisfaction regarding services provided in MWOEC so that areas with deficiencies concerning tenant satisfaction can be addressed appropriately, and areas that are working effectively and efficiently can be replicated. *Office of Audits*

Directorate for Management
In Progress Projects

(Completed, deferred, and canceled projects are not shown in this section.)

Annual Evaluation of DHS' Information Security Program for FY 2010 (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 (OMB), requires an annual review and reporting of agencies' compliance with FISMA requirements. 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 our prior year review of FISMA compliance. *Office of IT Audits*

IT Matters Related to the FY 2009 Financial Statement Audit – DHS Consolidated (Mandatory)

We contracted with an independent public accounting (IPA) firm to conduct DHS' annual financial statement audit. As a part of this annual audit, the IPA firm's information technology (IT) auditors perform a review of general and application controls in place over DHS' critical financial systems.

Objective: Determine the effectiveness of DHS' general and application controls over critical financial systems and data. *Office of IT Audits*

DHS' Data Center Consolidation Program

DHS is in the process of consolidating its data centers by migrating current processing to two new centers. DHS has estimated that this effort will cost between \$530 million and \$600 million. Additionally, DHS intends to ensure that these two new data centers provide redundancy for each other to ensure continuity of operations for enterprise data centers in the event of disaster.

Objective: Determine the effectiveness of DHS' consolidation efforts to achieve its cost savings and efficiency goals. *Office of IT Audits*

DHS Financial Systems Consolidation Initiative

DHS' Transformation and Systems Consolidation program will consolidate 22 component financial systems into 1 or 2 financial solutions. This consolidation effort will include a plan to migrate all DHS components to the new environment.

Objective: Determine the effectiveness of the process that DHS will use to migrate DHS components to the new financial systems solutions, and determine that security and data transfer issues are properly addressed to ensure that the integrity of the financial information is maintained. *Office of IT Audits*

DHS Personnel Systems Security

The Human Capital Business Systems unit of the Chief Human Capital Office is responsible for the consolidation of 144 component personnel systems into 1 enterprise-wide solution. Currently, the unit is responsible for managing three web-based applications: (1) WebTA for time and attendance, (2) EmpowHR for core personnel processing, and (3) Softscape for administering the new performance plans and policies.

Objective: Determine whether DHS has implemented adequate controls to secure the personal data processed by its human resources systems. *Office of IT Audits*

DHS' Oversight of Component-level Acquisition Programs

Acquisitions consume at least one-third of the department's annual budget and are fundamental to DHS' ability to accomplish its mission. The department continues to face challenges associated with implementing an acquisition function that is not fully integrated. A successful DHS acquisition program requires effective acquisition management oversight and controls at the component level.

Objective: Determine whether DHS has established management oversight and controls at the component level to ensure that acquisition programs assist in accomplishing the components' respective missions. *Office of Audits*

FY 2010 Chief Financial Officer (CFO) Act Audits – Audits of the DHS' Consolidated Financial Statements, Internal Control Over Financial Reporting (ICOFR), and the Individual Financial Statements of the United States Customs and Border Protection (CBP) (Mandatory)

Specifically, we will complete the required *CFO Act* audits related to the consolidated and individual component financial statements:

- DHS Consolidated Audit Report – Independent Auditors' Report on DHS Consolidated FY 2010 Integrated Financial Statement and Internal Control over Financial Reporting– Final Report November 2010
- DHS Consolidated Audit Report – Management Letter for DHS FY 2010 Consolidated Financial Statements audit – Final Report January 2011
- CBP Audit Report – Independent Auditors' Report on CBP's FY 2010 Consolidated Financial Statements – Final Report December 2010
- CBP Audit Report – Management Letter for CBP's FY 2010 Consolidated Financial Statements audit – Final Report January 2011
- FEMA Audit Report – National Flood Insurance Program (NFIP) – Final Report December 2010

Objective: Ascertain and report on the fairness of presentation of DHS' FY 2010 financial statements and FY 2010 financial statements at the individual component level of materiality; obtain an understanding of internal control over financial reporting, test those controls to determine audit procedures, and report on weaknesses identified during the audit; test compliance with certain laws, regulations, and provisions of contracts or grant agreements to identify noncompliance that could have a material effect on the financial statements; and report on noncompliance disclosed by the audit. Also, ascertain and report on the effectiveness of DHS' internal controls over financial reporting. This audit addresses financial performance in the President's Management Agenda. *Office of Audits*

FY 2010 Office of National Drug Control Policy Review at CBP, ICE, and USCG
(Mandatory)

We will contract out the Office of National Drug Control Policy (ONDCP) review of CBP's, Immigration and Customs Enforcement (ICE), and United States Coast Guard (USCG) management assertions. This review addresses, in part, financial performance in the President's Management Agenda. We will oversee the reviews of the ONDCP Management Assertions for the following components:

- CBP Audit Report – Review of FY 2010 ONDCP Management Assertions
- CBP Audit Report – Review of FY 2010 ONDCP Performance Summary Report
- ICE Audit Report – Review of FY 2010 ONDCP Management Assertions
- ICE Audit Report – Review of FY 2010 ONDCP Performance Summary Report
- USCG Audit Report – Review of FY 2010 ONDCP Management Assertions
- USCG Audit Report – Review of FY 2010 ONDCP Performance Summary Report

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

Use of DHS Purchase Cards

Purchase cards provide federal agencies with a flexible and efficient way of (1) obtaining commercial goods and services through over-the-counter purchases, phone orders, mail/catalog orders, and Internet purchases and (2) making vendor payments. DHS encourages the use of purchase cards for all appropriate transactions, and they are the preferred method for micro-purchases, as defined by the Federal Acquisition Regulation. When well controlled, purchase cards facilitate improved mission support and reduce transaction processing costs.

However, as recently as March 2008, the Government Accountability Office (GAO) identified government-wide internal control weaknesses in the purchase card programs. Less than 2 years earlier, GAO and DHS OIG reported that a weak control environment and breakdowns in key controls exposed DHS to fraud and abuse in its use of purchase cards.

Objective: Determine whether DHS has internal controls in place to ensure that purchase cards are being used for their intended purposes. *Office of Audits*

Security Controls for the Active Directory

Active Directory (AD) is the directory service associated with Microsoft Windows Server operating systems. AD enables centralized, secure management of an entire network of users, which might span a building, a city, or a geographical region. AD allows administrators to add, delete, organize, and maintain user accounts, local administrative accounts, and system service accounts, as well as define and enforce password and permission policies across the enterprise.

Because AD is such a powerful tool for administrators, access should be limited to minimize the threat of insider attacks—either malicious or a result of human error—as well as external attacks that could elevate privileges through weak security measures. Effective access controls implemented through AD services and trusts are a core element of an enterprise security program.

Objective: Determine whether DHS has securely implemented AD services to deter outside cyber attacks, and has implemented effective trust security throughout the enterprise. *Office of IT Audits*

FY 2009 Integrated DHS Consolidated Chief Financial Officer Act and Internal Control Over Financial Reporting Audit; and the Individual Financial Statement Audits of TSA (Mandatory)

The *DHS Financial Accountability Act* requires that the department have financial statement and ICOFR audits. We have contracted with an independent public accounting (IPA) firm to perform the integrated DHS consolidated financial statement and ICOFR audits, including roll-up of the individual stand-alone audits of TSA into the consolidated financial audit. Specifically, the IPA will complete the following required individual component financial statement audit and issue two reports:

- TSA Audit Report – Independent Auditors’ Report on TSA’s Consolidated Balance Sheet at September 30, 2009 – Final Report April 2010
- TSA Audit Report – Management Letter for TSA’s FY 2009 Consolidated Financial Statements Audit – Final Report April 2010

Objectives: Ascertain and report on the fairness of presentations of DHS’ FY 2009 financial statements and provide an opinion on internal controls over financial reporting. Additionally, at the component level, ascertain and report on the fairness of presentations of the FY 2009 financial statements at the component level of materiality; 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 as outlined in the President’s Management Agenda. *Office of Audits*

DIRECTORATE FOR NATIONAL PROTECTION AND PROGRAMS

New Project (√)	Project Status Summary as of March 31, 2010	Status
	No new projects planned under the NPPD as of April 2010.	
	National Cyber Security Review Status Followup	In Progress
	Evaluation of Einstein	In Progress
	Risk Reduction Efforts in the Dam Sector	In Progress
	National Protection and Programs Directorate's Use of Fiscal Year 2006 Program Appropriations to Fund Shared Service Administrative Transactions (<i>Department Request</i>)	In Progress
	Site Selection – National Bio and Agro-Defense Facility (<i>Congressional</i>)	In Progress
	Effectiveness of Protective Security Advisors in Reducing Risk to Critical Infrastructure	In Progress
	The Department of Homeland Security's Process Control Conference Fees (<i>Department Request</i>)	In Progress
	The United States Computer Emergency Readiness Team	In Progress

*Directorate for National Protection and Programs
In Progress Projects*

National Cyber Security Review Status Followup

The National Cyber Security Division (NCSA) has been charged with coordinating the implementation of the National Infrastructure Protection Plan 2009 and is the single national point of contact for the public and private sectors regarding cyber security issues. NCSA is also responsible for 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, NCSA must work closely with industry and share highly sensitive information with a large number of partners both within and outside of the United States.

Objective: Determine NCSA's status in implementing the recommendations in the National Infrastructure Protection Plan 2009 and management of the department's cyber security program, with an emphasis on the security controls for systems used in obtaining, vetting, and distributing sensitive cyber security information. *Office of IT Audits*

Evaluation of Einstein

Einstein, managed by DHS, acts as an intrusion detection system to collect, analyze, and share aggregated network computer security information across the federal government. Einstein monitors government agencies' networks to identify and respond to cyber threats

and attacks, improve network security, increase the resiliency of critical electronically delivered government services, and enhance the survivability of the Internet, sending information back to the United States Computer Emergency Readiness Team (US-CERT). Einstein also leverages IT so that US-CERT can automate the sharing of critical cyber security information across the entire federal government.

Objective: Determine whether sensitive Einstein data are adequately safeguarded and evaluate the effectiveness of Einstein in protecting federal government networks from malicious intrusions and attacks. *Office of IT Audits*

Risk Reduction Efforts in the Dam Sector

The Dam Sector, which includes levees and other water containment devices, is one of the Nation's 18 critical infrastructure sectors. As Hurricane Katrina demonstrated, a successful attack against or destruction of a dam or levee could have significant impacts on human health, energy production, and the U.S. economy. DHS must work with federal, state, and private sector experts to maximize the Dam Sector's protective status. Like other critical infrastructure, the Dam Sector undertakes a variety of activities to ensure that security goals are met.

Objectives: Determine whether DHS (1) ensures that Dam Sector risk assessments are conducted in a quality and consistent manner and (2) monitors and follows up on prior recommendations to safeguard the most critical assets. *Office of Audits*

National Protection and Programs Directorate's Use of Fiscal Year 2006 Program Appropriations to Fund Shared Service Administrative Transactions (*Department Request*)

The DHS Acting Chief Financial Officer has requested that we conduct a formal investigation and provide a report on *Anti-Deficiency Act* violations at the National Protection and Programs Directorate (formerly the Preparedness Directorate). The possible violations involve the Preparedness Directorate's use of FY 2006 program appropriations to fund shared service administrative transactions.

Objective: Determine whether an *Anti-Deficiency Act* violation occurred regarding the Preparedness Directorate's use of FY 2006 program appropriations to fund shared service administrative transactions. *Office of Audits*

Site Selection – National Bio and Agro-Defense Facility (*Congressional*)

U.S. Representative Paul C. Broun requested that we review the process that resulted in the selection of a site in Manhattan, Kansas, for the new National Bio and Agro-Defense Facility.

Objectives: Determine whether (1) the Environmental Impact Statement meets the legal requirements of the *National Environmental Policy Act* (42 U.S.C. 4321); (2) DHS officials inappropriately lobbied for the Kansas site; and (3) the evaluation criteria assessed, weighed,

and scored each site fairly. In addition, determine why DHS did not inform the public of the importance of in-kind contributions in the first public notice requesting expressions of interest, and the rationale for allowing the public only 30 days to comment on the final Environmental Impact Statement. Finally, determine why DHS officials approached the site selection process as they would a contract and whether any laws were broken or DHS policies were violated. *Office of Inspections*

Effectiveness of Protective Security Advisors in Reducing Risk to Critical Infrastructure

In 2004, the Office of Infrastructure Protection's Risk Management Division established the Protective Security Advisor (PSA) Program. PSAs have a number of responsibilities, including identifying and assessing critical infrastructure and key resource assets in their assigned state or region, developing and maintaining close working relationships with state and local government personnel and critical infrastructure operators, serving as a communication conduit between DHS and stakeholders and providing threat information to relevant parties, and supporting local security plans before and during security incidents at critical infrastructure facilities. DHS currently has 78 PSAs who serve 60 metropolitan areas.

PSAs have many responsibilities, but it is not clear how they prioritize these responsibilities. It is also not clear how they determine which critical infrastructure receives their attention, or if the PSA function is similar in each metropolitan area. As part of a relatively mature program within the department, PSAs should have internal performance metrics that may be useful to similar DHS programs. This program has received interest from Congress—most notably in the *Supporting America's Protective Security Advisor Act of 2007* (S. 2215)—and was highlighted as a key initiative in the FY 2009 DHS Budget-in-Brief.

Objectives: Determine (1) the extent to which PSAs are aligned to support the National Protection and Programs Directorate's primary national preparedness mission and the department's overall critical infrastructure protection strategy; (2) whether adequate guidance and resources have been provided to support the program's growth; (3) the methods that PSAs use to identify, prioritize, and assess critical infrastructure and key resources, with emphasis on Petroleum and Natural Gas subsectors; (4) how facility operators and state and local emergency responders use the work that is done by PSAs; and (5) the metrics that the PSA Program uses to assess its own performance. *Office of Inspections*

The Department of Homeland Security's Process Control Conference Fees (Department Request)

The DHS Chief Financial Officer (CFO) has requested that we conduct a full review of conferences held in fiscal years 2005, 2006, and 2007 that may have involved funding irregularities. The conferences, known as the Process Control Systems Forums, were sponsored by the Control Systems Security Program within DHS' National Protection and Programs Directorate, National Cyber Security Division. Through an interagency agreement with the Department of Energy, DHS contracted the work to several subcontractors, the last of which (Noblis Corporation) charged registration and vendor fees. The federal government

is prohibited from charging such fees. Further, a preliminary investigation conducted by the DHS CFO determined that Noblis Corporation's alleged use of the fees to plan, manage, and run the 2007 conference were inappropriate, potentially constituting an *Anti-Deficiency Act* violation.

Objective: At the request of DHS' CFO, determine whether the receipt of conference registration fees violated the *Miscellaneous Receipts Act* and/or the *Anti-Deficiency Act*.
Office of Audits

The United States Computer Emergency Readiness Team

The United States Computer Emergency Readiness Team (US-CERT) was created to serve as a watch and warning mechanism for the federal government's infrastructure by maintaining an awareness of government-wide information security threats and vulnerabilities. It is charged with protecting the Nation's Internet infrastructure by coordinating the defense against and response to cyber attacks. Along with supporting its 24x7 incident response mission operations, US-CERT's network physically houses the hardware and software that support the Einstein intrusion detection mechanism and analyses used by federal agency networks, US-CERT's public website, and US-CERT's Secure Portal. USCERT's public website is a source of cyber security information for citizens, private enterprises, information technology professionals, and federal agencies.

Objectives: Determine the effectiveness of US-CERT operations and whether adequate security controls are in place to secure the US-CERT network and the services it supports, including the US-CERT public website and Secure Portal. *Office of IT Audits*

DIRECTORATE FOR SCIENCE AND TECHNOLOGY

New Project (√)	Project Status Summary as of March 31, 2010	Status
	No new projects planned under the Directorate for S&T as of April 2010.	
	Science & Technology's Oversight of Federally Funded Research and Development Centers	Planned
	The Science and Technology Directorate's Management of Contracts With a Small Business (SPADAC)	In Progress

Directorate for Science and Technology ***Planned and In Progress Projects***

(Deferred projects are not shown in this section.)

Science & Technology's Oversight of Federally Funded Research and Development Centers

According to the Federal Acquisition Regulation, Federally Funded Research and Development Centers (FFRDCs) are intended to meet special long-term research or development needs that cannot be met as effectively by existing in-house or contractor resources. In sponsoring an FFRDC, federal agencies draw on academic and private sector resources to accomplish tasks that are integral to the mission and operation of the sponsoring agency. While conducting its business, the FAR notes that FFRDCs have special access to government resources and information including sensitive and proprietary data, which is beyond what is common for normal contractual relationships.

DHS' Secretary, acting through the Under Secretary for Science and Technology, has the authority to establish or contract with FFRDCs to provide independent analysis of homeland security issues or to carry out other responsibilities. In March 2009, S&T announced the formation of two FFRDCs to focus on program and concept analysis—the Homeland Security Studies and Analysis Institute (HSSAI) and the Homeland Security Systems Engineering and Development Institute (HS SEDI™). S&T subsequently awarded two contracts totaling approximately \$700 million for the operation of HSSAI and HS SEDI to engage the private sector in furthering homeland security objectives.

Objectives: Determine whether (1) S&T is providing appropriate and timely oversight and monitoring of the FFRDCs; (2) S&T is effectively reviewing contractor performance, deliverables, and costs to ensure consistency with stated FFRDC purposes and objectives and DHS mission; and (3) S&T is annually assessing the continued need and renewal justification for the FFRDCs. *Office of Inspections*

The Science and Technology Directorate's Management of Contracts With a Small Business (SPADAC)

During our ongoing review of the processes by which DHS' Science and Technology Directorate (S&T) selects, manages, and funds research and development programs, we received allegations of federal acquisition and ethical violations by an S&T program manager. The allegations concern the manager's actions in relation to a series of contracts between S&T and a small business. Because of their complexity and seriousness, we decided to examine the allegations in a separate, special review.

Since 1982, the *Small Business Innovation Development Act* has required federal agencies to award 5% of research and development budgets to small businesses. Those Small Business Innovative Research (SBIR) awards are designed to assist small businesses to grow their federal research projects into commercial products. To encourage this growth, the act and

federal regulations provide special intellectual property or data rights to technology developed under the SBIR funding awards. Under these rights, the government has restricted data rights to SBIR products for only 5 years, limiting its ability to give away the technology.

Objectives: For a selected project, determine whether S&T (1) properly followed procurement regulations, SBIR program provisions, and federal ethics rules and (2) provided appropriate management oversight. *Office of Inspections*

FEDERAL EMERGENCY MANAGEMENT AGENCY

New Project (√)	Project Status Summary as of March 31, 2010	Status
√	Law Enforcement Terrorism Prevention Program Grants Awarded to an Ohio for Fiscal Years 2004 through 2006 (<i>Department Request</i>)	Planned
√	DHS Financial Assistance Provided to the Association of Community Organizations for Reform Now (ACORN) (<i>Congressional</i>)	Planned
√	Implementation of Recommendations From Top Officials Exercise 4 Update (<i>Mandatory</i>)	Planned
√	Fraud Prevention Unit	Planned
√	Capping Report - FY 2009 Public Assistance Grant Audits	Planned
√	American Samoa After-Action Report	In Progress
√	Advisory Report: Permanent Housing Construction on American Samoa (OIG-10-74)	Completed
√	Letter Report: Improvement Needed in FEMA's Management of the National Flood Insurance Program's Information Technology Transition (OIG-10-76)	Completed
	Efficacy of DHS Grant Programs, Part 2	Planned
	Efforts to Expedite Disaster Recovery in Louisiana	Planned
	Disaster Housing Assistance Program	Planned
	Assessing the Status of the National Emergency Alert Systems	Planned
	Effectiveness of FEMA's Remedial Action Management Program	Planned
	Contracting Officer's Technical Representative Program	Planned
	FEMA's Interaction with States to Ensure Disaster Preparedness	Planned
	State, Tribal, and Community Level Incident Management Planning Efforts	Planned
	Tracking Public Assistance Insurance Requirements	Planned
	FEMA's Implementation of Federal Regulations Applying to Government Furnished Equipment	Planned
	Fiscal Year 2009 Disaster Contracts	Planned
	Logistics Supply Chain	Planned
	FEMA's Progress in Implementing Disaster Responders' Credentials	Planned
	Implementation of Recommendations From Top Officials Exercise 4 (<i>Mandatory</i>)	In Progress
	IT Matters Related to the FEMA Component of the FY 2009 DHS Financial Statement Audit (<i>Mandatory</i>)	In Progress
	FEMA IT Systems Modernization	In Progress
	Disaster Assistance Grants (Nationwide)	In Progress
	FEMA's Disaster Preparedness	In Progress

New Project (√)	Project Status Summary as of March 31, 2010	Status
	FEMA's Debris Removal Program	In Progress
	Disaster Preparedness of Other Federal Agencies	In Progress
	Continuing Effort to Audit States' Management of State Homeland Security Program and Urban Areas Security Initiative Program Grants, 12 States to be Determined (<i>Mandatory</i>)	In Progress
	FEMA's Logistics Management Process for Responding to Catastrophic Disasters	In Progress
	FEMA's Cost Allocation Process for Employee-related Expenses Associated with Presidentially-declared Disasters	In Progress
	Public Assistance Appeals Process	In Progress
	Emergency Support Function 6 – Implementation of Mass Care and Emergency Assistance	In Progress
	Federal Disaster Assistance Application Process	In Progress
	FEMA's Management and Oversight of Public Assistance Technical Assistance Contractors	In Progress
	FEMA's Disaster Purchase Card Use	In Progress
	Continuing Effort to Audit States' Management of the State Homeland Security Program and the Urban Areas Security Initiative Program Grants: NV, NY, OK, TN, TX, IL (UASI only), and CA (UASI only) (<i>Mandatory</i>)	In Progress
	FEMA's National Processing Service Center Operations	In Progress
	FEMA's Management of the Emergency Management Performance Grant Program	In Progress
	Review of Selected Personnel Practices at FEMA's Maryland National Processing Service Center (OIG-10-27)	Completed
	FEMA's Progress in All-Hazards Mitigation (OIG-10-03)	Completed
	FEMA's Housing Strategy for Future Disasters (OIG-09-111)	Completed
	Management Advisory Report: FEMA's IMAT Program (Title changed from FEMA's Incident Management Assistance Teams) (OIG-10-32)	Completed
	Gulf Coast Recovery: FEMA's Management of the Hazard Mitigation Component of the Public Assistance Program (OIG-10-28)	Completed
	DHS' Progress in Federal Incident Management Planning (Redacted) (OIG-10-58)	Completed
	Opportunities to Improve FEMA's Disaster Closeout Process (OIG-10-49)	Completed
	FEMA Temporary Housing Property Management Controls (OIG-10-24)	Completed
	Improvements Needed in FEMA's Disaster Contract Management (OIG-10-53)	Completed
	Assessment of FEMA's Public Assistance Program Policies and Procedures (OIG-10-26)	Completed
	Efficacy of DHS Grant Programs (Part 1) (Title changed from Eliminating Stove-Pipe Grant Program) (OIG-10-69)	Completed
	State Administration of FEMA's PA Projects - Multiple State Audits ¹	Completed
	Efficacy of DHS Grant Programs (Title changed from DHS Agency Recovery Plan) (OIG-10-69)	Completed
	FEMA Hiring Practices (<i>Mandatory</i>)	Completed
	FEMA's Strategy to Measure the Effectiveness of Emergency Management Performance Grants	Canceled
	States Management of SHSP and UASI Grant Programs: Minnesota	Canceled
	States Management of SHSP and UASI Grant Programs: Louisiana	Canceled

¹The grant report DA-10-08 entitled, FEMA Public Assistance Funds Awarded to the Mississippi Emergency Management Agency, issued February 2010, addressed the subject matter.

Since the publication of our FY 2010 Annual Performance Plan, we have added eight new projects for review under FEMA. We briefly describe these new projects below:

(New) Law Enforcement Terrorism Prevention Program Grants Awarded to an Ohio Subgrantee for Fiscal Years 2004 Through 2006 (Department Request)

This audit was requested by the Federal Emergency Management Agency (FEMA) owing to concerns of alleged misappropriation of funds by the subgrantee and possible ineligible expenses and unallowable costs.

Objective: Ensure that the Law Enforcement Terrorism Prevention Program funds awarded to an Ohio subgrantee during FYs 2004 through 2006 were expended in accordance with federal laws, agency regulations, and grant agreements and guidelines. *Office of Audits*

(New) DHS Financial Assistance Provided to the Association of Community Organizations for Reform Now (ACORN) (Congressional)

At the request of Congress, we initiated an audit of federal assistance provided by the department to the Association of Community Organizations for Reform Now Incorporated (ACORN Inc.), a nonprofit community organization founded in 1970. ACORN Inc., is involved mainly with projects related to affordable housing, wage increases, voter registration, schools, lobbying, discrimination, and public services.

Objectives: Determine the appropriateness of DHS funds provided to ACORN, including a \$450,484 Fire Prevention and Safety grant awarded by FEMA to the ACORN Institute in FY 2007. We will also determine whether funds provided to ACORN have been used in accordance with the terms of the grants or other agreements. Additionally, we will review DHS and FEMA oversight mechanisms, including those regarding use of *American Recovery and Reinvestment Act of 2009* funds, to determine their relevance to overseeing assistance provided to ACORN. *Office of Audits*

(New) Implementation of Recommendations From Top Officials Exercise 4 Update (Mandatory)

FY 2010 Appropriations require that we provide an update to corrective actions made by DHS in FY 2010 with respect to DHS Top Officials Exercise (TOPOFF) 4 and make recommendations for any further improvements needed.

Objectives: Review changes made by DHS in FY 2010 as a result of problems identified through TOPOFF 4 and make recommendations for any further improvements. *Office of Inspections*

(New) Fraud Prevention Unit

In late 2006, FEMA's Florida Long-Term Recovery Office in Orlando, Florida, established the Fraud Prevention Unit (FPU) to assist in identifying and analyzing potentially fraudulent or improper disaster payments. More specifically, the FPU gathers FEMA-related records

and information and employs various data-mining techniques to analyze the information contained in disaster assistance applications to help us determine whether disaster benefit applications are, in fact, fraudulent.

Objectives: Determine the effectiveness of FEMA's FPU by assessing whether this unit has (1) achieved the desired outcomes of identifying and reporting potentially fraudulent disaster payments to Inspector General officials; (2) worked in concert with the FEMA Administrator to develop, maintain, and enhance proper internal management controls to prevent fraud, waste, and abuse; and (3) prevented fraudulent losses of federal funds through agency awareness, comprehensive research, coordination, and internal investigation.

(New) Capping Report – FY 2009 Public Assistance Grant Audits

We issued 55 disaster grant audit reports in FY 2009. Questioned costs exceeded \$150 million, with many of the issues appearing on a recurring basis.

Objective: Summarize PA disaster grant audits issued in FY 2009 and provide FEMA headquarters and the Regions with a discussion and recommendations on recurring issues.

(New) American Samoa After-Action Report

In September 2009, the U.S. Territory of American Samoa was affected by an earthquake, which caused a tsunami and subsequent flooding. President Obama declared a disaster for the territory in Presidential Directive 1859 (DR-1859). American Samoa has a history of exercising poor stewardship over federal funds, and early estimates of the total disaster costs for DR-1859 are more than \$300 million. As part of our oversight approach, the Emergency Management Oversight Team (EMOT) was deployed to the territory shortly after the disaster. The After-Action Report reflects the EMOT's observations regarding FEMA's response and recovery activities in American Samoa.

Objective: Based upon the EMOT's preliminary observations during and shortly after their deployment to American Samoa, EMO will develop an after action report focusing on three primary issues: (1) American Samoa's overall ability to effectively manage the 8-10 fold increase in federal funding; (2) FEMA's long term housing pilot program; and (3) notable public assistance projects, including power plants, schools, and other major structures. The EMOT will also collect and analyze additional data on FEMA response/recovery efforts, including its after action and Risk Assessment and Management Program reports.

(New) Permanent Housing Construction on American Samoa

In September 2009, the U.S. Territory of American Samoa was affected by an earthquake, which caused a tsunami and subsequent flooding. President Obama declared a disaster for the territory (DR-1859). As part of our oversight approach, the EMOT was deployed to the territory. During the course of our work, we became aware that FEMA was launching a permanent housing pilot program, the first of its kind. The report will serve as our preliminary assessment of this program.

Objective: To promote accountability in the actions of federal emergency professionals and to serve as an independent entity for oversight of disaster response and recovery activities, relating specifically to FEMA’s permanent housing pilot program.

(New) Improvement Needed in FEMA’s Management of the National Flood Insurance Program’s Information Technology Transition

FEMA’s Management Directorate management requested that we conduct a review of FEMA’s management and oversight of NFIP information technology systems.

Objective: To evaluate NFIP’s Information Technology Transition project.

***Federal Emergency Management Agency
Planned and In Progress Projects***

(Completed, deferred, and canceled projects are not shown in this section.)

Efficacy of DHS Grant Programs, Part 2

DHS grant programs implement numerous and sometimes competing objectives addressed in various post-9/11 laws, strategies, plans, and directives. FEMA is responsible for allocating and managing the majority of DHS grants. Historically, federal grant programs have had problems with “stove-piping”—programs that focus on their narrowly defined missions without regard to the greater needs of the government as a whole. In Part 1 of this review, we focused on whether FEMA and other components of the department have identified and taken steps to mitigate duplication or redundancy within the department’s various grant programs. In Part 2 of this review, we will focus efforts on actions to streamline and standardize preparedness grant application and review processes.

Objectives: Determine whether FEMA has taken actions to streamline and standardize preparedness grant application and review processes to promote collaboration and consistency across regions and programs. *Office of Audits*

Efforts to Expedite Disaster Recovery in Louisiana

Under the Public Assistance (PA) Program, FEMA provides grants to state and local governments, Indian tribes, and specific types of nonprofit organizations. FEMA provides funds to state governments (grantees), which in turn provide the funds to local governments (applicants). There have been significant delays in providing PA funding to applicants in Louisiana.

Objective: Determine the extent to which FEMA, state grantees, and applicants are working together to carry out the PA Program to rebuild the Gulf Coast from Hurricane Katrina effectively and efficiently. *Office of Emergency Management Oversight*

Disaster Housing Assistance Program

The need for coordinated, long-term housing assistance to Gulf Coast residents displaced by the 2005 hurricanes resulted in the announcement of the Disaster Housing Assistance Program (DHAP) in August 2007. Originally designed to provide assistance for 18 months, the program was extended to provide additional time for families to transition to other housing options. Following Hurricane Ike in 2008, DHAP-IKE was announced. This program was designed to mirror the original DHAP.

Objective: Assess the effectiveness of the disaster housing assistance to individuals impacted by catastrophic events by determining whether these programs have achieved the desired outcomes and led to housing self-sufficiency or independence, and whether assisted persons should be covered under other housing assistance programs. *Office of Emergency Management Oversight*

Assessing the Status of the National Emergency Alert Systems

The Emergency Alert System (EAS) is an integral part of America's alert and warning system that gives the President and other authorized federal, state, and local officials the capability to transmit an emergency message to the public during disasters or crises.

Objective: Assess the extent to which FEMA has implemented and tested the reliability of the EAS to ensure that the American people are warned in situations of war, terrorist attack, natural disaster, or other hazards to public safety and well-being. *Office of Emergency Management Oversight*

Effectiveness of FEMA's Remedial Action Management Program

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

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

Contracting Officer's Technical Representative Program

Recent Government Accountability Office reports and reports issued by our office indicate that FEMA needs to improve contractor management oversight, including the ability to manage numerous large contracts in major or catastrophic disasters. In the first 3 months of 2008, 15 major disasters have been declared and numerous large initiatives have begun. FEMA has stated that it now has 700 trained contracting officer's technical representatives

(COTRs) to manage these contracts. This review will assess the headquarters COTR program office and its efforts to establish a structure and train sufficient staff to significantly improve their performance in contractor oversight and contract monitoring.

Objectives: Determine (1) if policies, procedures, and processes have been established and communicated to all COTRs and are being implemented consistently; (2) if a system of knowledge management and document retention has been implemented and if standardized documentation exists; (3) what training requirements have been established and how they are being tracked; and (4) if strategies and plans have been developed to staff a catastrophic disaster. *Office of Emergency Management Oversight*

FEMA's Interaction With States to Ensure Disaster Preparedness

All disasters are local and primary responsibility for emergency and disaster management rests with state and local governments. It is therefore critical that states and local jurisdictions have the capability to plan for and respond to disasters without immediately relying on FEMA assistance. This review will determine to what extent FEMA's approach to enhancing state emergency management and disaster preparedness has worked.

Objective: Determine the extent state and local emergency management disaster planning and response capabilities have been enhanced by FEMA's approach to state and local disaster preparedness. *Office of Emergency Management Oversight*

State, Tribal, and Community Level Incident Management Planning Efforts

Objectives: Determine whether state, tribal, and local governments have developed plans that align with the 15 planning scenarios and to what extent these plans are integrated and mutually supportive of federal plans. *Office of Emergency Management Oversight*

Tracking Public Assistance Insurance Requirements

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

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

FEMA's Implementation of Federal Regulations Applying to Government Furnished Equipment

In the Federal Acquisition Regulations Part 45 - Government Property, government agencies are given guidance on providing government property to contractors, contractor use and rental of government property, management of government property in the possession of contractors, and reporting, reuse, and disposal.

Objectives: Determine FEMA's compliance with the Federal Acquisition Regulations and its controls over government-furnished equipment. *Office of Emergency Management Oversight*

Logistics Supply Chain

The Logistics Management Directorate (LMD) is FEMA's major program office responsible for guidance, standards, execution and governance of logistics support, services and operations. The mission is to effectively plan, manage, and sustain the national logistics response and recovery operations, in support of domestic emergencies and special events. The LMD is organized around its core competencies: Logistics Operations; Plans and Exercises; Distribution Management; and Property Management. The LMD established a Logistics Concept of Operations (LOG-CONOPS) that documents their supply chain reengineering plans and provides the overarching strategic logistics doctrine for federal disaster response. FEMA's LOG-CONOPS utilizes a supply chain management approach to managing logistics processes. Response actions are divided into three phases: Preparedness Phase - Identify logistics requirements and resources, balance logistics resources with requirements, and establish and communicate logistics policies, procedures, and plans. Response Phase - Provide Logistics response to incident. Recovery Phase - Provide Logistics recovery after incident.

Objective: Evaluate the effectiveness of FEMA's logistics supply chain approach and determine how well FEMA coordinates and communicates with the local and state jurisdictions before, during, and after a disaster. *Office of Emergency Management Oversight*

Fiscal Year 2009 Disaster Contracts

In 2008 there were 75 presidentially declared disasters. Significant expenditures were made responding to these disasters. FEMA has implemented a number of significant changes in the acquisitions area in the time since Hurricane Katrina. However, concerns remain in the areas of staff training and policy implementation in the field.

Objective: Determine: (1) the efficacy of FEMA's ability to track, manage, and monitor the contracts; (2) the extent that established controls and processes have been implemented; and (3) to what extent FEMA has implemented recommendations from the DHS-OIG's reports on 2007 and 2008 disaster contracts. *Office of Emergency Management Oversight*

FEMA's Progress in Implementing Disaster Responders' Credentials

FEMA, federal, state, and private sector participants continue to express concern over not having a workable identification system. Recent incidents have been cited where responders were denied access to areas where they were needed, as well as truck drivers who were not permitted to deliver emergency supplies because they did not have recognized credentials. Similar situations have occurred prior to, during, and since Hurricane Katrina.

Credentialing is mandated by the National Incident Management System and in accord with Homeland Security Presidential Directive – 5, *Management of Domestic Incidents* to address the needs of federal, state, local, and private sector responders.

Objectives: (1) Determine the extent FEMA has implemented the initiative stated in Section 510 of PKEMRA, (2) determine whether FEMA is actively engaged in implementing a program that facilitates delivery of emergency services, (3) assess FEMA's plans and timelines for implementing a credentialing program for the emergency management community and (4) determine what specific credentials and resources are required to ensure that federal, state, local and private contractors are allowed in a disaster area. *Office of Emergency Management Oversight*

Implementation of Recommendations From Top Officials Exercise 4 (Mandatory)

FY 2009 Appropriations, House Committee Report 110-862 requires that we review corrective actions made by DHS TOPOFF 4 and make recommendations for any further improvements needed.

Objectives: Review changes made by DHS as a result of problems identified through TOPOFF 4 and make recommendations for any further improvements. *Office of Inspections*

IT Matters Related to the FEMA Component of the FY 2009 DHS Financial Statement Audit (Mandatory)

We contracted with an IPA firm to conduct DHS' annual financial statement audit. As a part of this annual audit, the IPA firm's IT auditors perform a review of general and application controls in place over the FEMA's critical financial systems.

Objective: Determine the effectiveness of FEMA's general and application controls over critical financial systems and data. *Office of IT Audits*

FEMA IT Systems Modernization

FEMA is embarking on a plan to develop and implement a multiyear IT plan that will guide the agency's capital IT investments and requirements. Employing technology as a strategic tool is crucial to FEMA's success in meeting the challenge of becoming the preeminent emergency management agency. FEMA recently requested resources to make investments in four major areas: enhancement of current mission systems, enhancement of current business

systems, IT infrastructure and cyber security, and systems engineering and applications development.

Objective: Determine whether FEMA’s IT approach includes adequate planning, implementation, and management to support efficient and effective disaster relief assistance.
Office of IT Audits

Disaster Assistance Grants (Nationwide)

FEMA awards disaster assistance grants to individuals, states, and local governments. We will perform audits of grantees and subgrantees, focusing on grants with potential for problems and areas that are of interest to Congress and FEMA.

Objective: Determine whether grantees or subgrantees accounted for and expended FEMA funds according to federal regulations and FEMA guidelines. *Office of Emergency Management Oversight*

FEMA’s Disaster Preparedness

In 2007, our office identified nine key areas that are critical for preparing for a catastrophic disaster and assessed the progress FEMA has made in these key areas since Hurricane Katrina struck in August 2005. We reported that FEMA had made moderate progress in five of the nine key areas. We plan to update this assessment in 2010.

Objective: Conduct a high-level “scorecard” assessment of FEMA’s preparedness to respond to the next catastrophic disaster. *Office of Emergency Management Oversight*

FEMA’s Debris Removal Program

Removing debris created by natural and manmade disasters is an extremely important but costly endeavor for FEMA. There have been longstanding problems associated with debris removal and its associated monitoring activities. In response to these problems, FEMA has been reviewing and retooling its debris removal program. We will conduct a review of the current debris removal procedures and practices as well as review a sample of recent debris removal contracts, grants, and mission assignments.

Objective: Assess FEMA’s debris program including its recent retooling effort, and identify best practices. *Office of Emergency Management Oversight*

Disaster Preparedness of Other Federal Agencies

FEMA implemented the Catastrophic Disaster Response Planning Initiative in FY 2006 to ensure that FEMA and its federal partners plan and prepare an appropriate, timely, and efficient response to a catastrophic disaster. Other federal agencies bear responsibility for being able to respond should their assistance be required in a disaster.

Objectives: Collaborate with other Council of Inspectors General on Integrity and Efficiency OIGs to (1) outline the responsibilities of other agencies under federal response doctrine; (2) examine the planning, training, and exercising activities of these agencies; and (3) assess the level of preparedness of these agencies. *Office of Emergency Management Oversight*

Continuing Effort to Audit States' Management of State Homeland Security Program and Urban Areas Security Initiative Program Grants, 12 States To Be Determined (Mandatory)

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, August 3, 2007, requires us to audit each state that receives State Homeland Security Program and Urban Areas Security Initiative grant funds at least once between FY 2008 and FY 2014. As part of our continuing effort to ensure the effective and appropriate use of grants administered by FEMA, we will review states' and urban areas' management of homeland security funds by initiating 12 audits in previously unaudited states.

Objective: Determine whether selected states have effectively and efficiently implemented the State Homeland Security Program and, where applicable, the Urban Areas Security Initiative Program; achieved the goals of the programs; and spent funds in accordance with grant requirements. *Office of Audits*

FEMA's Logistics Management Process for Responding to Catastrophic Disasters

FEMA provided record levels of support to victims and emergency responders during its response to Hurricane Katrina. However, a number of logistics failures make it clear that improvements are needed before the next major disaster. Areas needing improvement include the following:

- Planning how FEMA will determine what is needed and where it is needed;
- Coordinating requirements with state and local governments;
- Coordinating with federal agencies and other response organizations;
- Identifying the best sources for needed resources;
- Tracking and timing deliveries;
- Adequate logistics staffing;
- Communicating throughout the logistics process; and
- Evaluating and reporting on performance.

Objective: Determine to what extent FEMA has improved its logistics management since Hurricane Katrina and what additional changes are needed. *Office of Emergency Management Oversight*

FEMA's Cost Allocation Process for Employee-related Expenses Associated with Presidentially Declared Disasters

Salary, travel, and expenses of disaster assistance employees are a key element of disaster response and recovery. To ensure accountability for expenses of individual disasters, it is

important that proper controls be in place and working effectively. The accuracy of this information is important in estimating costs and efforts required for future disasters.

Objectives: Determine the effectiveness of FEMA's internal controls to provide reasonable assurance that salary, travel, and other expenses associated with disaster assistance employees are charged to the appropriate presidentially declared disaster or administrative account. *Office of Emergency Management Oversight*

Public Assistance Appeals Process

Public assistance applicants, subgrantees, or grantees may appeal determinations related to an application for or the provision of federal assistance. The regulations are intended to give applicants, subgrantees, or grantees fair, impartial, and timely consideration of appeals that result from disagreements regarding the scope and cost of disaster-related work. Appeals can be indicative of the following:

- Incomplete or inadequate inspection of disaster damage;
- Poor project cost estimating;
- Insufficient project monitoring as the scope and cost of work increase during project execution; or
- Insufficient applicant, subgrantee, or grantee understanding of work eligibility regulations and the allowability and allocability of project costs.

Objectives: (1) Evaluate the causes and cost of adjudicating applicant, subgrantee, or grantee appeals; (2) determine whether FEMA appeal determinations are impartial, comply with public assistance regulations and guidelines, and are completed in a timely manner; (3) determine whether the process is cost effective; and (4) identify improvements FEMA can make to the current process. *Office of Emergency Management Oversight*

Emergency Support Function 6 – Implementation of Mass Care and Emergency Assistance

The Emergency Support Function 6 (ESF 6) coordinates delivery of federal mass care and emergency assistance when local, tribal, and state response and recovery needs exceed their capabilities.

As a result of the *Post Katrina Emergency Management Reform Act of 2006*, FEMA is authorized to lead and coordinate ESF 6. The legislation requires FEMA to develop and employ a standard operating procedure (SOP) that supports the response efforts of federal, state, and local governments and voluntary agencies.

Objectives: Determine (1) to what extent FEMA has coordinated with each of the federal, state, tribal, local, and voluntary agencies in developing and implementing its SOP for mass care and emergency assistance, and (2) the efficacy of the SOP. *Office of Emergency Management Oversight*

Federal Disaster Assistance Application Process

FEMA is leading the effort to improve the promptness and efficiency with which disaster victims obtain access to eligible federal disaster assistance. A key element of this effort involves the implementation of a consolidated and unified disaster application capability to deliver timely disaster assistance and safeguard against improper payments.

Objectives: Determine to what extent FEMA’s revised disaster application process (1) registers disaster victims in a “one-stop” manner; (2) safeguards against waste, fraud, and abuse; and (3) is coordinated with state and local governments and voluntary organizations such as the American Red Cross. *Office of Emergency Management Oversight*

FEMA’s Management and Oversight of Public Assistance Technical Assistance Contractors

FEMA awards nationwide standby technical assistance contracts (TACs) to meet PA Program needs that typically cannot be met by FEMA staff. PA TAC employees are specialists who provide services such as assessing and estimating disaster damages to complex facilities, and providing insurance adjustment services and historical and environmental reviews. For disasters occurring in FYs 2004, 2005, and 2006, FEMA spent \$228.3 million, \$1.4 billion, and \$94.9 million, respectively, through November 2006 for PA TACs. A contracting officer’s technical representative at FEMA headquarters oversees the master contracts, and task monitors at field and regional offices provide site monitoring for TAC employees.

Objective: Determine the efficacy of FEMA’s management of PA TACs, including processes and procedures for awarding individual task orders, evaluating contractor performance, and certifying contractor billings. *Office of Emergency Management Oversight*

FEMA’s Disaster Purchase Card Use

A crucial tool FEMA uses to expedite the government’s response to disasters is the SmartPay® purchase card program, implemented to provide federal agencies and their employees a more flexible and efficient way to purchase commercial goods and services. This program, when well controlled, reduces transaction processing costs and provides agencies with flexibility to achieve their mission objectives. However, as recently as March 2008, GAO identified government-wide internal control weaknesses in the purchase card programs. Less than 2 years earlier, GAO and our office reported that a weak control environment and breakdowns in key controls exposed DHS to fraud and abuse in its use of the purchase card.

On September 2, 2008, DHS temporarily increased the micro-purchase level for a single transaction to \$15,000 and promoted use of the Government Purchase Card for such purchases. All purchases made using this temporary procurement authority were to have a clear and direct relationship to contingency operations in support of Hurricanes Gustav and

Ike disaster relief efforts. This increased micro-purchase threshold remained in effect until October 31, 2008.

Objectives: To determine (1) FEMA's efficacy in managing and overseeing disaster-related use of the purchase card and (2) whether adequate internal controls were in place to deter and detect fraud, waste, and abuse. If adequate internal controls were not in place, identify examples of fraudulent, improper, and abusive activity. *Office of Emergency Management Oversight*

Continuing Effort to Audit States' Management of the State Homeland Security Program and the Urban Areas Security Initiative Program Grants: NV, NY, OK, TN, TX, IL (UASI only), and CA (UASI only) (Mandatory)

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, August 3, 2007, requires us to audit each state that receives State Homeland Security Program and Urban Areas Security Initiative grant funds at least once between FY 2008 and FY 2014. As part of our continuing effort to ensure the effective and appropriate use of grants administered by FEMA, we will review states' and urban areas' management of homeland security funds through the initiation of nine audits in previously unaudited states. Specifically, we will determine whether the funds awarded were used in accordance with the legislation, program guidance, state homeland security plans, and other applicable plans. We will also determine whether funds awarded enhanced the ability of grantees to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters. In addition, we will submit to Congress a report summarizing the results of these audits.

Objective: Determine whether selected states have effectively and efficiently implemented the State Homeland Security Program and, where applicable, the Urban Areas Security Initiative program; achieved the goals of the programs; and spent funds in accordance with grant requirements. *Office of Audits*

FEMA's National Processing Service Center Operations

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

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

FEMA's Management of the Emergency Management Performance Grant Program

This audit will focus on how FEMA manages the Emergency Management Performance Grant (EMPG) Program, using the grants life cycle as the framework. We will review

FEMA's management regarding program announcement, application receipt and review, award, and post-award oversight.

Objectives: Determine (1) whether EMPG Program guidance is clear and reflects the program's legislative mandate; (2) how applications are reviewed and funding decisions are made; (3) whether FEMA has the people, processes, and systems in place for making timely and accurate grant awards; and (4) whether FEMA has effective procedures in place for monitoring grants post-award. *Office of Audits*

FEDERAL LAW ENFORCEMENT TRAINING CENTER

New Project (√)	Project Status Summary as of March 31, 2010	Status
	No new projects planned under FLETC.	
	IT Matters Related to the FLETC Component of the FY 2009 DHS Financial Statement Audit (<i>Mandatory</i>)	In progress
	Management Letter for the Federal Law Enforcement Training Center's FY 2009 Consolidated Financial Statements (OIG-10-73)	Completed
	Independent Auditors' Report on the Federal Law Enforcement Training Center's FY 2009 Consolidated Financial Statements (<i>Mandatory</i>) (OIG-10-65)	Completed
	FLETC's Leases for Dormitories 1 and 3 (OIG-10-02)	Completed

Federal Law Enforcement Training Center In Progress Project

(Completed projects are not shown in this section.)

IT Matters Related to the FLETC Component of the FY 2009 DHS Financial Statement Audit (*Mandatory*)

We contracted with an IPA firm to conduct DHS' annual financial statement audit. An individual audit of the Federal Law Enforcement Training Center's (FLETC) financial statements will be performed in conjunction with the consolidated statement audit. As a part of this annual audit, the IPA firm's IT auditors perform a review of general and application controls in place over FLETC's critical financial systems.

Objective: Determine the effectiveness of FLETC's general and application controls over critical financial systems and data. *Office of IT Audits*

OFFICE OF COUNTERNARCOTICS ENFORCEMENT

New Project (√)	Project Status Summary as of March 31, 2010	Status
	No new projects planned under the Office of Counternarcotics Enforcement.	
	Implementation of the DHS Interagency Statement of Intent for Counternarcotics Enforcement	In progress

*Office of Counternarcotics Enforcement
In Progress Project*

Implementation of the DHS Interagency Statement of Intent for Counternarcotics Enforcement

In collaboration with eight other DHS components, the Office of Counternarcotics Enforcement (CNE) developed a document that formally specifies the department’s intended baseline level of personnel and resources that will be made available to support counternarcotics operations. This Interagency Statement of Intent, required by the *National Interdiction Command and Control Plan*, assists operational commanders in allocating resources to collect drug-related intelligence, and it supports operations that interdict drug smugglers in South America, Central America, the Gulf of Mexico, the Caribbean, and the Eastern Pacific region.

Through its Drug Terror Nexus Division, CNE has been tasked with tracking and severing connections between illegal drug trafficking and terrorism. CNE works within the Federal Bureau of Investigation’s Joint Terrorism Task Force construct and brings together the collective knowledge of numerous DHS components. With operations abroad, CNE is in a unique position to coordinate DHS counternarcotics efforts.

Objectives: We will assess CNE’s effectiveness in the coordination of counternarcotics operations, as well as resource allocations for such activities. We will analyze the two annual reports that CNE must provide to Congress, covering the impact of DHS outlays on counternarcotics activities and the general DHS approach to counternarcotics enforcement. We will evaluate whether CNE has adequate resources to support its role in counternarcotics activities. We will also review how CNE coordinates with other DHS components and what mechanisms are in place to coordinate and communicate with relevant federal, state, and local stakeholders. *Office of Inspections*

OFFICE OF INTELLIGENCE AND ANALYSIS

New Project (√)	Project Status Summary as of March 31, 2010	Status
	No new projects planned under the Office of Intelligence and Analysis.	
	Annual Evaluation of DHS' Information Security Program (Intelligence Systems) for FY 2010 (<i>Mandatory</i>)	In Progress
	Annual Evaluation of DHS' Information Security Program (Intelligence Systems - DNI) for FY 2010 (<i>Mandatory</i>)	In Progress
	Fusion Center Evaluation	In Progress
	Improvements Necessary in DHS' Security Program and Practices for Its Intelligence Systems (Unclassified Summary) (Title changed from Annual Evaluation of DHS' Information Security Program for FY 2009 Intelligence Systems) (OIG-10-30)	Completed
	DHS' Human Capital and Resource Support to State and Local Fusion Centers	Canceled
	Joint DHS/DNI Inspector General Intelligence Review of I&A	Canceled

*Office of Intelligence and Analysis
In Progress Projects*

(Completed and canceled projects are not shown in this section.)

Annual Evaluation of DHS' Information Security Program (Intelligence Systems) for FY 2010 (*Mandatory*)

Identifying potential information security threats to DHS' intelligence systems is key in evaluating DHS' intelligence program. The loss or compromise of intelligence systems or the data contained on those systems can have severe consequences, affecting U.S. citizens, national security, 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 of National Intelligence, the Chief Information Officer (CIO), and OMB, require an annual evaluation and reporting of the security program over agencies' intelligence systems. FISMA and the Director, Central Intelligence Directive 6/3, *Protecting Sensitive Compartmented Information Within Information Systems*, requirements will be used as evaluation criteria.

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

Annual Evaluation of DHS' Information Security Program (Intelligence Systems - DNI) for FY 2010 (Mandatory)

Identifying potential information security threats to DHS' intelligence systems is key in evaluating DHS' intelligence program. The loss or compromise of intelligence systems or the data contained on those systems can have severe consequences, affecting U.S. citizens, national security, 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 of National Intelligence, the CIO, and OMB, require an annual evaluation and reporting of the security program over agencies' intelligence systems. FISMA and the Director, Central Intelligence Directive 6/3, *Protecting Sensitive Compartmented Information Within Information Systems*, requirements will be used as evaluation criteria.

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

Fusion Center Evaluation

Augmented with staff from the Center for Strategic Management-Public Leadership Institute, we will conduct an in-depth program review of fusion center management and operations and an impact evaluation of operational activities, as well as an evaluation of the technical approach and capabilities of information sharing at five fusion centers. Our December 2008 report entitled *DHS' Role on State and Local Fusion Centers Is Evolving*, OIG-09-12, reported on DHS' efforts to provide adequate oversight and guidance for fusion centers, and what problems and challenges are being encountered as fusion centers develop. This review will expand upon our earlier findings and determine the causes of the problems and issues we identified, as well as examining best practices currently in place.

Objectives: Assess the performance of a sample of fusion centers, and (1) explain the causes for any performance deficiencies and shortcomings; (2) identify best practices and performance models to assist stakeholders in determining appropriate performance expectations for fusion centers, and (3) identify a successful and effective fusion center model. Also determine (4) whether fusion center needs and resource requirements are developed, (5) the extent to which representatives from DHS operational components are assigned to fusion centers, and (6) what additional DHS component personnel and resources could be identified to support fusion centers while also balancing and fulfilling DHS mission priorities. *Office of Inspections*

OFFICE OF OPERATIONS COORDINATION

New Project (√)	Project Status Summary as of March 31, 2010	Status
	No new projects planned under the Office of Operations Coordination	
	Fusion Center IT Management	In Progress
	Information Sharing at the National Operations Center (Redacted) (OIG-10-15)	Completed

*Office of Operations Coordination
In Progress Project*

(Completed projects are not shown in this section.)

Fusion Center IT Management

State and local personnel have opportunities and capabilities not possessed by federal agencies to gather information on suspicious activities and terrorist threats. By working together, the various levels of government can maximize the benefits of information gathering and analysis to prevent and respond to terrorist attacks. With DHS support, various states have created fusion centers to facilitate the collection, dissemination, and exchange of information that DHS and other federal, local, state, and tribal government agencies need to combat terrorism. DHS provides personnel and the Homeland Security Information System to the fusion centers to help support these intelligence information-sharing activities.

Objectives: Determine the effectiveness of DHS’ IT systems used to support information sharing at fusion centers. *Office of IT Audits*

TRANSPORTATION SECURITY ADMINISTRATION

New Project (√)	Project Status Summary as of March 31, 2010	Status
√	Review of Allegations of Widespread Misconduct and Illegal Discrimination and Retaliation in the Federal Air Marshal Service (<i>Congressional</i>)	Planned
	TSA's Coordination with Amtrak on Passenger Rail Transit	Planned
	IT Matters Related to the FY 2009 Financial Statement Audit of TSA (<i>Mandatory</i>)	In Progress
	TSA Penetration Testing: Air Cargo	In Progress
	Transportation Security Officer Training and Development Program	In Progress
	Workforce Strength and Deployment in TSA's Federal Air Marshal Service	In Progress
	Ability to Communicate with Federal Air Marshals While in Mission Status	In Progress
	TSA's Acquisition of Support Services Contracts (Title changed from TSA's Acquisition of Transportation Security Equipment) (OIG-10-72)	Completed
	TSA's Preparedness for Mass Transit and Passenger Rail Emergencies (OIG-10-68)	Completed
	Evaluation of Newly Deployed and Enhanced Screening Technology and Practices at the Passenger Screening Checkpoint (OIG-10-75)	Completed

Since the publication of our FY 2010 Annual Performance Plan, we have one new project planned under the Transportation Security Administration (TSA):

(New) Review of Allegations of Widespread Misconduct and Illegal Discrimination and Retaliation in the Federal Air Marshal Service (*Congressional*)

In 2009 and 2010, several media sources reported allegations of widespread discrimination and retaliation in the Federal Air Marshal Service (FAMS), a TSA component, and also claimed that TSA's investigations of these claims were not objective or fair. Senator Bill Nelson and Representative Edolphus Towns reported receiving similar complaints from constituents and requested that we assess allegations that FAMS illegally discriminated or retaliated against personnel, or otherwise allowed misconduct.

Objectives: We are undertaking this review to determine whether (1) the facts confirm specific allegations of misconduct and illegal discrimination and retaliation; (2) the TSA Office of Inspections provided objective, complete investigations of those allegations; (3) FAMS management responded appropriately to the allegations; (4) misconduct and illegal discrimination and retaliation are widespread in FAMS; and (5) FAMS has established effective processes for deterring misconduct and illegal discrimination and retaliation and for responding to complaints, investigations, and adjudications. *Office of Inspections*

Transportation Security Administration Planned and In Progress Projects

(Completed projects are not shown in this section.)

TSA's Coordination with Amtrak on Passenger Rail Transit

TSA has had minimal interaction with Amtrak to ensure safety and security. Because of vulnerabilities and past terrorist attacks against rail systems worldwide, stakeholders need to coordinate and take action to minimize the potential impact of future rail transit emergencies on Amtrak employees, passengers, and businesses. Attacks have occurred in all corners of the globe, including Colombia, India, Pakistan, Spain, the United Kingdom, and Venezuela. These attacks resulted in more than 400 deaths and several thousand injuries. It is important to identify and assess the areas of greatest risk throughout rail transportation systems and act to prevent attacks and mitigate their potential consequences. To prepare for future threats, stakeholders must maintain surge capacity to respond when and where they emerge.

Objective: Determine the effectiveness of Amtrak and TSA coordination in assessing risk and allocating funding towards security operations for safeguarding passenger rail transportation. *Office of Audits*

IT Matters Related to the FY 2009 Financial Statement Audit of TSA (Mandatory)

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

Objective: Determine the effectiveness of TSA's general and application controls over critical financial systems and data. *Office of IT Audits*

TSA Penetration Testing: Air Cargo

TSA is responsible for overseeing aviation security and ensuring the safety of the air-traveling public. This includes screening all passengers and property, including cargo shipped on passenger aircraft. Recent audit reports have cited weaknesses in TSA's air cargo security program. Pursuant to recommendations made by the 9/11 Commission Report, the Secretary of DHS must establish a system to screen 100% of cargo transported on passenger aircraft to ensure the security of all such aircraft. The report defines screening as a physical examination or nonintrusive methods of assessing whether cargo poses a threat to transportation, including x-ray systems, explosive detection systems, and explosives trace detection.

Objective: Through covert testing, determine whether TSA has implemented effective screening and security measures to prevent the introduction of explosives into air cargo.
Office of Audits

Transportation Security Officer Training and Development Program

TSA Transportation Security Officers (TSOs) are required to complete a certain level of training before performing their official duties. Each TSO must take at least 40 hours of classroom training and 60 hours of on-the-job training. As part of its Performance Accountability and Standards System, TSA has implemented a policy requiring all TSOs to perform screening functions every week and to receive at least 3 hours of screener training per week, with an additional 4 hours per month designated exclusively for the detection of improvised explosive devices. Several prior audits identified the need for a recurrent training program as a contributing factor to many of the checkpoint test failures we conducted. One audit identified that many employees expressed frustration with what they perceived as insufficient time to fulfill training requirements, and in certain cases with the effect on their performance rating. Employees said that staffing shortages have resulted in missed training or supervisors encouraging employees to complete training on their personal time.

Objective: Assess TSA's training of TSOs to enhance job interest and strengthen security for the traveling public. *Office of Audits*

Workforce Strength and Deployment in TSA's Federal Air Marshal Service

TSA FAMS is responsible for deterring hijackings and other hostile acts against commercial aircraft in the United States and on certain overseas flights. Air marshals served aboard U.S. aircraft as early as 1970, but the September 11, 2001, terrorist attacks gave the service new urgency. Air marshals gained widespread public recognition as a bulwark against similar attacks in the future. For additional security, TSA runs the Federal Flight Deck Officer Program, which trains pilots to carry and use handguns on aircraft, and the Law Enforcement Officers Flying Armed Training Program, which certifies law enforcement personnel to carry handguns in flight. For the flying public, affirmation of an effective FAMS matched with other, complementary security measures helps maintain confidence in the security of U.S. air travel.

However, FAMS suffered public criticism based on charges of high attrition rates, inadequate coverage of flights, and hiring of less experienced personnel. TSA responded that the service remains adequately staffed and that its risk-based approach to deployment delivers reasonable security. Yet media criticism persists, frequently based on anonymous sources in TSA and the airline industry. Prolonged staffing shortages, hiring and retention difficulties, and insufficient coverage of flights would signal serious vulnerabilities in airline security, especially during unanticipated periods of heightened threats. Plans to overcome such challenges and adjust deployments accordingly are vital to ensuring the service's long-term effectiveness.

Objectives: Determine the adequacy of TSA's FAMS workforce readiness, including numbers of available marshals, staffing models and projected needs, attrition rates, and hiring plans, and turnover rates. *Office of Inspections*

Ability to Communicate With Federal Air Marshals While in Mission Status

FAMS consists of thousands of trained law enforcement personnel who are responsible for protecting passengers and flight crews in the event of a hijacking or terrorist incident. Armed air marshals blend in with ordinary passengers to help secure high-risk domestic and international flights on U.S. air carriers. To respond to security situations before, during, and after flights, the air marshals need to be able to send and receive timely intelligence information. FAMS issues communications equipment to air marshals for this purpose, but according to reports, the equipment is not consistently functional.

Objectives: Determine whether TSA is pursuing communication capabilities to ensure that federal air marshals who are in mission status can receive and send time-sensitive, mission-related information through secure communication while in flight; and whether FAMS is providing air marshals with timely and accurate intelligence and situational awareness when they are preparing for or in mission status. *Office of Inspections*

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

New Project (√)	Project Status Summary as of March 31, 2010	Status
√	USCIS Privacy Management	Planned
	IT Matters Related to the FY 2009 Financial Statement Audit of the USCIS <i>(Mandatory)</i>	In Progress
	USCIS IT Modernization Follow-up	In Progress
	USCIS' Efforts to Address the Insider Threat to IT Systems	In Progress
	Management Controls to Deter Adjudicator Fraud	In Progress
	Audit of the U.S. Citizenship and Immigration Services' Adjudication Of Petitions for Nonimmigrant Workers (I-129 Petition) (Title changed from USCIS Adjudication Process, Part 2)	In Progress
	USCIS' Implementation of the Kendell Frederick <i>Citizen Assistance Act</i> <i>(Congressional)</i> (OIG-10-39)	Completed
	USCIS Chicago Lockbox Operations	Canceled
	DHS Employment Verification Program	Canceled

Since the publication of our FY 2010 Annual Performance Plan, we have one new project planned under the United States Customs and Immigration Service (USCIS):

(New) USCIS Privacy Management

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

Objectives: Determine how effectively USCIS and its components are developing and implementing privacy programs to protect personally identifiable information. *Office of IT Audits*

***United States Citizenship and Immigration Services
In Progress Projects***

(Completed and canceled projects are not shown in this section.)

IT Matters Related to the FY 2009 Financial Statement Audit of the USCIS

(Mandatory)

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

Objective: Determine the effectiveness of USCIS's general and application controls over critical financial systems and data. *Office of IT Audits*

USCIS IT Modernization Follow-up

USCIS is in the process of implementing a comprehensive IT modernization program aimed at streamlining business processes and replacing paper-based processes with modern technology. We reported in July 2009 that USCIS faces significant challenges in managing this program and made a number of recommendations to improve its effort.

Objective: Determine the progress USCIS is making in addressing recommendations in our July 2009 report on IT modernization. *Office of IT Audits*

USCIS' Efforts to Address the Insider Threat to IT Systems

The "trusted insider" continues to pose the biggest threat to the preservation of confidentiality, integrity, and availability of mission critical information. As vetted members, USCIS employees are in a position of trust and are expected to have a vested

interest in the productivity and success of the organization. The risk from insiders includes IT sabotage, theft, and modification of information. Considering the population that has authorized access to USCIS IT systems, the insider threat is potentially significant.

Objective: Determine the effectiveness of USCIS' program to protect its mission-critical systems from an insider threat. *Office of IT Audits*

Management Controls to Deter Adjudicator Fraud

USCIS adjudicates about six million applications and petitions a year. Compared with the Department of State's Visa Program, USCIS immigration benefits programs have relatively few safeguards and system checks to identify or deter employee fraud. The Office of Fraud Detection and National Security in USCIS does not consider employee fraud to be within its mandate. The USCIS Office of Security and Integrity is structured to investigate the range of misconduct federal employees might engage in, but it is not focused on adjudicator fraud.

The extent of USCIS employee fraud is unknown, as most fraud is discovered through allegations by applicants or other officers, or as part of a criminal investigation. Employee fraud related to immigration benefits is particularly sensitive because it may involve extortion or coercion of immigrants, or access to benefits by individuals who might otherwise be ineligible as a public safety or national security risk.

Objectives: Determine whether USCIS has implemented proper management controls against employee benefit fraud and whether it should introduce additional controls to improve program integrity. *Office of Inspections*

Audit of the U.S. Citizenship and Immigration Services' Adjudication of Petitions for Nonimmigrant Workers (I-129 Petition) (Title changed from USCIS Adjudication Process, Part 2)

USCIS is responsible for administering immigration and naturalization functions and establishing policies and priorities for immigration services. USCIS Adjudication Officers at regional centers interpret and apply laws and regulations regarding eligibility for immigration benefits.

Objective: Determine whether USCIS' adjudication of Petitions for Nonimmigrant Workers (I-129 petitions) is being conducted according to established policies and procedures and addresses fraud detection and national security concerns. *Office of Audits*

UNITED STATES COAST GUARD

New Project (√)	Project Status Summary as of March 31, 2010	Status
√	Recommendations to Improve the Coast Guard's System for Adjudicating Suspension and Revocation Matters	In Progress
√	Review of United States Coast Guard's Certification of Maritime Awareness Global Network (MAGNET) (Unclassified Summary)² (OIG-10-07)	Completed
	IT Matters Related to the FY 2009 Financial Statement Audit of USCG <i>(Mandatory)</i>	In Progress
	Annual Review of the USCG's Mission Performance (FY 2009) <i>(Mandatory)</i>	In Progress
	USCG Anti-Deficiency Act Violation Related to Acquisition, Construction, and Improvement Expenditures <i>(Department Request)</i>	In Progress
	Integrating DHS, FBI & DOD Biometric Databases	In Progress
	The National Coast Guard Museum Funding Plan <i>(Mandatory)</i>	In Progress
	USCG's Polar Icebreaker Maintenance, Upgrade, and Acquisition Program	In Progress
	USCG's Inspection and Investigation Efforts to Ensure Safety of Marine Commerce	In Progress
	Allegations of Misconduct Within the USCG's Administrative Law Judge Program	In Progress
	USCG's Maritime Security and Safety Teams	In Progress
	USCG Blueprint for Acquisition Reform	In Progress
	Annual Review of the United States Coast Guard's Mission Performance (FY 2008) (OIG-10-17)	Completed

Since the publication of our FY 2010 Annual Performance Plan, we have two new projects planned (one was completed and is not described below) under the United States Coast Guard (USCG):

(New) Recommendations to Improve the Coast Guard's System for Adjudicating Suspension and Revocation Matters

In October 2008, USCG requested that we assess the validity of a former Administrative Law Judge's (ALJ) allegations of bias and misconduct in the USCG ALJ program, particularly in connection with the adjudication of cases involving the suspension and revocation of merchant mariner credentials. While assessing the validity of the former ALJ's allegations, we became familiar with the ALJ program and the USCG suspension and revocation administrative proceedings, and noted programmatic issues not directly related to the allegations.

²This is a new project that was completed, and was not referenced in the prior FY 2009 and FY 2010 annual performance plans.

Objectives: To (1) evaluate the ALJ program's methods and procedures and certain aspects of how USCG prosecutes suspension and revocation matters and handles appeals to the Commandant; (2) determine whether certain policies and procedures regarding the training, investigation, and discipline of ALJs are up to date; (3) determine whether investigating officers receive adequate legal support; (4) assess the timeliness and availability of Commandant Decisions on Appeal; and (5) determine whether guidelines governing interaction between staff handling prosecutorial and adjudicative functions are adequate.
Office of Inspections

United States Coast Guard In Progress Projects

(Completed projects are not shown in this section.)

IT Matters Related to the FY 2009 Financial Statement Audit of USCG *(Mandatory)*

We contracted with an IPA firm to conduct DHS' annual financial statement audit. As a part of this annual audit, the IPA firm's IT auditors perform a review of general and application controls in place over USCG's critical financial systems.

Objective: Determine the effectiveness of USCG's general and application controls over critical financial systems and data. *Office of IT Audits*

Annual Review of the USCG's Mission Performance (FY 2009) *(Mandatory)*

The *Homeland Security Act of 2002* directs the Inspector General to review annually the performance of all USCG missions, with particular emphasis on non-homeland security ones. Homeland security missions consist of Illegal Drug Interdiction; Undocumented Migrant Interdiction; Foreign Fish 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.

Objectives: Determine whether USCG is maintaining its historical level of effort on non-homeland security missions. *Office of Audits*

USCG Anti-Deficiency Act Violation Related to Acquisition, Construction, and Improvement Expenditures *(Department Request)*

The DHS Acting Chief Financial Officer has requested that we conduct a formal investigation and provide a report on *Anti-Deficiency Act* violations at USCG. The potential violations involve USCG's use of the operating expense appropriation to complete shore construction and improvement projects for FYs 2003 through 2009.

Objective: Determine whether any *Anti-Deficiency Act* violations occurred regarding USCG's use of operating expenses for acquisition, construction, and improvement projects in FYs 2003 to 2009, and whether additional violations exist. *Office of Audits*

Integrating DHS, FBI, and DOD Biometric Databases

DHS has made significant progress in gathering and storing fingerprint biometrics from visitors, immigrants, refugee and asylum applicants, and detainees. However, additional work is needed for verifying biometrics of aliens departing from the United States, automating verification of U.S. Visitor and Immigrant Status Indicator Technology Program (US-VISIT) and USCIS data, and cross-checking biometrics across available federal databases.

USCG has taken the initiative to link to the Department of Defense (DOD) Automated Identification Biometric System. The system contains fingerprints of many foreign nationals DOD encounters in areas such as Iraq and Afghanistan, ranging from foreign national employees to arrested suspects. The system also contains latent prints from crime sites that range from the aftermath of truck bombs to drug-processing compounds. USCG has begun fingerprinting aliens it intercepts at sea to identify and prosecute those who make repeated attempts to enter the country illegally or are on watch lists. This initiative, known as the USCG Biometric Analytic Fusion Project, is technically complex, as it involves satellite connections to databases from handheld scanners, and integration of several sources of biometric data. To date, USCG has had several successful "hits" during intercepts, most involving aliens with outstanding warrants or parole violations. However, the initiative does not have permanent funding. If successful, the USCG model could be integrated into other DHS biometric procedures, increasing DHS' ability to identify terror suspects and organized crime figures.

Objectives: Determine (1) what gaps exist in DHS' efforts to establish the identity of aliens who request entry to, immigration status, or citizenship in the United States; (2) what progress USCG has made in developing its Biometric Analytic Fusion Project; and (3) the potential to integrate this initiative into other DHS biometric processes for identifying suspected terrorists and criminals. *Office of Audits*

The National Coast Guard Museum Funding Plan (Mandatory)

USCG is in the planning stages of creating a National Coast Guard Museum. As a prerequisite for the museum, Congress required USCG to develop a funding plan to include planning, engineering, design, construction, operation, and maintenance costs. According to 14 USC § 98, the DHS Inspector General is to certify that the estimates in the plan are reasonable and realistic before the plan is submitted to Congress. The funding plan details a public-private partnership between USCG and the National Coast Guard Museum Association and outlines the extent to which appropriated, nonappropriated, and nonfederal funds will be used for museum design, construction, and operating costs.

Objective: Determine whether cost estimates associated with the plan to construct and operate the National Coast Guard Museum are reasonable and realistic. *Office of Audits*

USCG's Polar Icebreaker Maintenance, Upgrade, and Acquisition Program

National Security Presidential Directive 66 and Homeland Security Presidential Directive 25 established U.S. policy with respect to the Arctic region. Presidential Decision Directive 26 also remains in effect for Antarctic policy. In particular, these directives state that the United States “has broad and fundamental national security interests in the Arctic region” and “fundamental homeland security interests in preventing terrorist attacks in the region.” These directives will be implemented by “developing greater capabilities and capacity, as necessary, to protect U.S. air, land, and sea borders in the Arctic region.” Also, there will be “increased Arctic maritime domain awareness in order to protect maritime commerce, critical infrastructure, and key resources.”

USCG and its fleet of polar icebreakers have a central role in increasing maritime domain awareness. Polar icebreakers must be able to respond to the mission needs of DHS with regard to these directives. Of USCG's three polar icebreakers, two are past their 30-year life limit with no major life extension program planned and have a decade of deferred maintenance actions. One has been inactive and in caretaker status since 2006.

Objective: Determine USCG's need for heavy-duty icebreakers to accomplish its missions. *Office of Audits*

USCG's Inspection and Investigation Efforts To Ensure Safety of Marine Commerce

USCG ensures the safety of maritime commerce through a layered system of authorities, capabilities, and partnerships. The direct link between safety and security measures improves the effectiveness of front-line operations and the efficiency of global commerce. USCG regulates 20,000 U.S. and foreign-flagged vessels employing more than 10 million people, and these vessels carry billions of gallons of oil and hazardous material. USCG's regulatory efforts involve conducting 80,000 inspections and 14,000 investigations annually to ensure compliance with U.S. law, as well as to determine whether regulatory and policy changes are needed to prevent future safety issues and casualties.

Objectives: Determine whether (1) USCG's inspection and investigation capabilities for the safety of maritime commerce of U.S. and foreign-flagged vessels are sufficient to regulate these vessels and the safety of maritime commerce; and (2) resource changes are needed to enhance inspection and investigation capabilities to prevent future maritime commerce safety issues. *Office of Audits*

Allegations of Misconduct Within the USCG's Administrative Law Judge Program

USCG Office of the Vice Admiral requested that we investigate allegations of misconduct by Coast Guard ALJs. Specifically, we were asked to investigate claims by a former ALJ that a Chief ALJ and others committed misconduct in connection with the adjudication of cases involving suspension and revocation of merchant mariner documents and licenses.

Objectives: Determine whether the Chief ALJ (1) directed subordinate judges to rule in favor of USCG and (2) discussed desired outcomes in specific cases in *ex parte* meetings with other ALJs and other employees. *Office of Inspections*

USCG's Maritime Security and Safety Teams

The *Maritime Transportation Security Act of 2002* (Public Law 107-295), which arose from the events of September 11, 2001, requires USCG to establish maritime safety and security teams as needed to safeguard the public and protect vessels, harbors, ports, facilities, and cargo in waters under U.S. jurisdiction from destruction, loss, or injury due to crime, sabotage, or terrorist activity. The stated mission of the Maritime Safety and Security Teams (MSSTs) is to “provide security for their homeports and to deploy nationwide in response to emerging threats against other high-priority waterside targets.”

Objective: Determine (1) the readiness of the MSSTs to perform their law enforcement and maritime homeland security missions and (2) the decision process used to form the 12 MSSTs and the selected locations for them. *Office of Audits*

USCG Blueprint for Acquisition Reform

The *Blueprint for Acquisition Reform* (July 13, 2007) is USCG's strategic document for reshaping its acquisition and contracting capabilities into a single entity, the Acquisition Directorate. The central goal of the *Blueprint* is to enhance USCG mission execution through effective and efficient acquisition and lifecycle management of critical operational systems. The *Blueprint* targeted July 1, 2009, for implementation.

A major component of the *Blueprint* is the consolidation of the Integrated Deepwater System acquisition; the Acquisition Directorate; elements of the Command, Control, Communications and Information Systems Directorate; the Resources Directorate; and the Research and Development Center. In addition, the plan encompasses other actions to enhance overall efficiency, including organizational alignment and leadership, policies and processes, human capital, and knowledge and information management. According to the *Blueprint*, the aggregate result will be the development of an enhanced Acquisition Directorate, capable of efficiently and effectively meeting the increased mission requirements of USCG operational forces.

Objective: Determine whether USCG is meeting the implementation schedule established in the *Blueprint* and identify reasons for any slippages in pre-established milestones. *Office of Audits*

UNITED STATES CUSTOMS AND BORDER PROTECTION

New Project (√)	Project Status Summary as of March 31, 2010	Status
√	CBP's Permit to Transfer Containerized Cargo Program (Mandatory)	Planned
√	CBP Bonding Program (Congressional)	Planned
√	Audit of CBP's Importer Self Assessment Program (Congressional)	Planned
	Customs-Trade Partnership Against Terrorism (C-TPAT)	Planned
	IT Matters Related to the FY 2009 Financial Statement Audit of CBP (Mandatory)	In Progress
	CBP's Actions in Response to Los Angeles International Airport (LAX) Network Outage	In Progress
	Audit of CBP's Planning and Implementation of Surveillance Technology for Northern Border Security (Title changed from Secure Border Initiative Financial Accountability FY 2009) (Mandatory)	In Progress
	Ground Transportation of Detainees	In Progress
	Border Patrol Facility Acquisition in New Mexico (Title changed from CBP's Procurement of Land for the Construction of Border Patrol Facilities)	In Progress
	Free and Secure Trade (FAST)	In Progress
	Western Hemisphere Travel Initiative (WHTI) – Air Entry	In Progress
	FY 2008 Secure Border Initiative Financial Accountability (Mandatory)	In Progress
	Western Hemisphere Travel Initiative – Land Entry	In Progress
	CBP's Handling of Unaccompanied Alien Children	In Progress
	CBP's Container Security Initiative Has Proactive Management and Oversight but Future Direction Is Uncertain (Letter Report) (OIG-10-52)	Completed
	Cargo Targeting and Examinations (OIG-10-34) (formerly entitled, Progress Report on CBP's Automated Targeting System) (Mandatory)	Completed
	Operation Armas Cruzadas	Deferred
	CBP's IT Management	Deferred
	Audit of CBP's Office of Regulatory Audit's Internal Quality Control System (Title changed from CBP Revenue 2010) (Mandatory)	Deferred
	Automated Targeting System (ATS) 2010, Data Reliability	Canceled
	CBP's User Fees Authorized Under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended	Canceled
	Refund and Drawback Processes for CBP	Canceled

Since the publication of our FY 2010 Annual Performance Plan, we have three new projects planned under the U.S. Customs and Border Protection (CBP):

(New) CBP's Permit to Transfer Containerized Cargo Program (Mandatory)

CBP's Permit to Transfer containerized cargo program could lead to dangerous goods and substances entering the United States. Potentially high-risk cargo containers are being moved from the port to a designated container station, such as a bonded warehouse, before CBP makes a final determination as to whether it is high-risk cargo requiring mandatory

physical examination. The purpose of the Permit to Transfer program is to facilitate trade by allowing the advance movement of a shipment from a port to a container station where the cargo container is unloaded and the contents stored. The program raises security concerns because, if CBP subsequently determines the container to be high risk, the likelihood of it being returned intact to a CBP inspection facility is remote.

Objective: Determine whether CBP's Permit to Transfer containerized cargo program has adequate controls and processes in place to ensure that all identified high-risk containers are secured and inspected. *Office of Audits*

(New) CBP Bonding Program (Congressional)

All parties that import merchandise into the United States for commercial purposes or transport imported merchandise through the United States must have a CBP Bond, as required under title 19, United States Code, section 1623. CBP mitigates risks associated with various program areas by its authority to apply bonds to goods entering the United States. Bonds serve as an insurance policy, protecting CBP from revenue loss when importers fail to fulfill their financial obligations. With the continual increase in volume and number of importers, free trade agreements, preferential trade agreements, and antidumping/countervailing violations, it is critical that CBP ensure that its bond amounts are commensurate with the revenue exposure. CBP should also have controls to ensure validity and the amounts of the bonds. Failure to do so may result in revenue loss to CBP through its inability to collect lawfully owed duties.

Objective: Determine the efficacy of CBP's process for determining and applying bonds in sufficient amounts to cover importer duties, fees, and taxes should importers fail to pay revenues as required on goods brought into the United States. *Office of Audits*

(New) Audit of CBP's Importer Self-Assessment Program (Congressional)

The Importer Self-Assessment (ISA) Program, administered by CBP's Office of International Trade, is one component of the agency's overall trade compliance strategy. The program employs a partnership approach between CBP and the commercial importing community to achieve and maintain industry compliance with federal trade requirements. Specifically, CBP offers benefits to importers in exchange for their voluntary participation in the ISA Program, the most notable of which is exemption from the comprehensive Focused Assessments for trade compliance conducted by CBP's Office of Regulatory Audit. Participation in the ISA Program is contingent on an importer having and maintaining a strong internal control system that ensures high levels of compliance with federal trade laws and regulations. Once an importer is accepted into the ISA Program, CBP relies on the importer to conduct annual self-assessments to verify its compliance with trade requirements and make any adjustments to its internal controls that may be required for continued compliance. In FY 2008, ISA participants accounted for \$412 billion in imports, or 18% of total import value.

Objective: To assess the efficacy of the ISA Program, by which CBP permits importers to conduct self-assessments to verify their compliance with trade requirements in exchange for decreased agency oversight and other benefits. *Office of Audits*

United States Customs and Border Protection Planned and In Progress Projects

(Completed, Deferred, and Canceled projects are not shown in this section.)

Customs-Trade Partnership Against Terrorism (C-TPAT)

The Customs-Trade Partnership Against Terrorism (C-TPAT) is a voluntary government-business initiative to build cooperative relationships that strengthen and improve the international supply chain and U.S. border security. Its goal is to shift responsibility for cargo security onto stakeholders in the supply chain.

C-TPAT companies commit to meeting security standards in order to use their leverage to prevent terrorist organizations from exploiting their supply chains, thereby reducing the risk that terrorist weapons will be introduced into, or concealed within, their shipments.

Objective: Determine the efficacy of CBP's process for verifying C-TPAT members' security practices. *Office of Audits*

IT Matters Related to the FY 2009 Financial Statement Audit of CBP (Mandatory)

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

Objective: Determine the effectiveness of CBP's general and application controls over critical financial systems and data. *Office of IT Audits*

CBP's Actions in Response to Los Angeles International Airport (LAX) Network Outage

In May 2008, we reported that CBP had taken actions to address problems related to the August 11, 2007, network outage at Los Angeles International Airport (LAX). We recommended additional actions that CBP could take to prevent network outages at LAX. Additionally, we recommended that CBP review the actions taken at LAX and determine if these or similar actions should be taken at other ports of entry.

Objective: Determine what actions CBP has taken to prevent network outages at other ports of entry. *Office of IT Audits*

Audit of CBP's Planning and Implementation of Surveillance Technology for Northern Border Security (Title changed from Secure Border Initiative Financial Accountability FY 2009) (*Mandatory*)

In 2007, Congress directed that \$20 million of Secure Border Initiative (SBI) funds be used to address needs along the northern border. In January 2009, the Acquisition Review Board approved the Northern Border Technology Demonstration and asked CBP to produce updated final plans. CBP's plans call for deployment of technology in increments. The projected cost of the initial two increments is \$100 million. Increment 1 consists of deployment of remote video and mobile surveillance systems and an upgrade of the Swanton security center. The original plans included installation of the SBInet Common Operating Picture (COP); however, the final costs for procurement and deployment of the remote video and mobile surveillance systems exceeded original estimates and the COP was deferred. Increment 2, scheduled for completion in spring 2010, integrates sensors, people, and operations around a new operations center located near Detroit in Selfridge, Michigan. The center should increase detection capabilities in the land and maritime environments and improve integration among internal CBP components and state, local, and international partners.

Objectives: Determine the effectiveness of CBP's planning and implementation of surveillance technology to improve detection and interdiction capabilities on the northern border. *Office of Audits*

Ground Transportation of Detainees

It is paramount that CBP gain the most effective use of its Border Patrol agents and CBP officers to accomplish its border security mission. Every apprehension along the border requires transportation, security, and custodial services for managing detainees. In August 2006, CBP awarded a contract to provide transportation and security guard services. This contract removed some of this responsibility from its agents and officers, thus increasing their ability to perform mission-critical law enforcement and investigative duties. Although this contract resulted in more than 600,000 hours annually, CBP agents and officers continue to spend many hours transporting and guarding detainees on the southwest border. CBP has requested an additional \$8 million to expand the use of contract transportation and guard services for the southwest border.

Objective: Determine the extent to which CBP agents and officers are used to facilitate ground transportation and security functions for detained aliens and the impact of this collateral duty on CBP's ability to perform its security mission. *Office of Audits*

Border Patrol Facility Acquisition in New Mexico (Title changed from CBP's Procurement of Land for the Construction of Border Patrol Facilities)

The Lordsburg, New Mexico, Border Patrol Station was built in 1964 to accommodate 10 agents. Today, the station has 217 agents and 2 civilian employees. In August 2005, CBP approved a Project Management Plan for the relocation of the station to a larger site. Three candidate sites were identified; two were subsequently rejected because of environmental

and/or suitability issues. In August 2007, the project design was completed by a firm contracted by the U.S. Army Corps of Engineers and the project was ready for contract award to the state of New Mexico for the Lordsburg State Land Office's 25-acre site. In May 2009, after two more appraisals were completed, approval was given to purchase this site for \$750,000. Constituents have expressed concerns that CBP paid an unreasonable price for this site based on real estate sales of similar sites.

Objective: Determine whether the amount paid for 25 acres of land purchased from the state of New Mexico was fair and reasonable and consistent with DHS policies and procedures.
Office of Audits

Free and Secure Trade (FAST)

Free and Secure Trade (FAST) is a program to provide a harmonized clearance process for known, low-risk commercial shippers. Under the FAST Program, importers, manufacturers, commercial carriers, and truck drivers who meet certain security criteria are provided expedited clearance through designated lanes when they cross into the United States. These industry members must be participants in C-TPAT. Truck drivers using the FAST lane must (1) be carrying qualified goods from a C-TPAT-approved importer, (2) be C-TPAT-approved carriers, and (3) possess valid FAST commercial identification cards. CBP had 94,500 FAST participants at the end of FY 2008. At the end of 2009, more than 114,000 FAST drivers were participating in the program. To support this increase in volume, CBP increased the number of FAST lanes to 205 at 104 ports of entry during FY 2009.

Objective: Determine whether CBP's enrollment process ensures that only low-risk drivers and carriers are allowed to participate in the FAST Program. *Office of Audits*

Western Hemisphere Travel Initiative (WHTI) – Air Entry

The *Intelligence Reform and Terrorism Prevention Act of 2004*, as amended, established the Western Hemisphere Travel Initiative (WHTI). WHTI requires that all people, including U.S. and Canadian citizens, who have historically been exempt from passport requirements, present a passport or other approved document that establishes the bearer's identity and citizenship to enter or reenter the United States. WHTI is designed to strengthen border security and facilitate entry into the United States for citizens and legitimate international visitors. WHTI will greatly reduce the opportunities for misrepresentation of one's identity. Advanced technology embedded in the officially sanctioned travel documents will allow CBP to verify an individual's identity and perform real-time queries against terrorist watch lists and lookout databases. WHTI became mandatory in the air environment on January 23, 2007. CBP has begun the transition to the WHTI secure document requirement for the land and seaport environments and plans implementation in June 2009.

Objective: Determine whether CBP's implementation of the WHTI secure document requirement in the air environment has improved its ability to detect and deter individuals who should not be granted admission to the United States. *Office of Audits*

FY 2008 Secure Border Initiative Financial Accountability (Mandatory)

The *FY 2007 Homeland Security Appropriations Conference Report* called for the Inspector General to review and report on SBI contract actions exceeding \$20 million. Congressional concerns included ensuring that SBI acquisitions are meeting cost, schedule, and performance objectives. We are reviewing selected task orders under the *SBI^{net}* contract to determine whether adequate controls have been implemented to ensure that the program cost, schedule, and performance requirements are achieved.

Objective: Determine whether SBI contracts include adequate controls and procedures to ensure that program performance requirements are met, cost overruns are avoided, and established milestones are accomplished. *Office of Audits*

Western Hemisphere Travel Initiative – Land Entry

The *Intelligence Reform and Terrorism Prevention Act of 2004*, as amended, established WHTI. WHTI requires that all people, including U.S. and Canadian citizens, who have historically been exempt from passport requirements, present a passport or other approved document that establishes the bearer's identity and citizenship to enter or reenter the United States. WHTI is designed to strengthen border security and facilitate entry into the United States for citizens and legitimate international visitors. WHTI will greatly reduce the opportunities for misrepresentation of one's identity. Advanced technology embedded in the officially sanctioned travel documents will allow CBP to verify an individual's identity and perform real-time queries against terrorists watch lists and lookout databases. WHTI became mandatory at land border ports of entry on June 1, 2009.

Objective: Determine whether CBP is prepared to implement and enforce the WHTI secure document requirement at land border ports to improve its ability to detect and deter individuals who should not be granted admission to the United States. *Office of Audits*

CBP's Handling of Unaccompanied Alien Children

Unaccompanied alien children are aliens under the age of 18 who come to the United States without authorization or overstay their visa, and are without a parent or legal guardian. Unaccompanied alien children are typically apprehended at the border by United States Customs and Border Protection (CBP) agents or in the interior by United States Immigration and Customs Enforcement (ICE) agents. Generally, an unaccompanied child who has no previous criminal conviction or removal order issued against him or her is transferred into the custody of the Department of Health and Human Services' (HHS) Office of Refugee Resettlement (ORR) within 72 hours of apprehension. Between apprehension and transfer, DHS must provide safe and sanitary detention facilities for juveniles in compliance with the *Flores Settlement Agreement (FSA)*.

Despite the implementation of the FSA, advocacy groups have charged that DHS has failed to comply fully with the Agreement. Among the concerns raised by these groups are allegations of physical and verbal abuse, delays in transferring minors to appropriate placements, and inadequate medical attention in CBP holding facilities.

Objectives: Determine whether DHS is abiding by the terms of the Flores Agreement by ensuring alien minors are being provided access to (1) toilets and sinks; (2) drinking water and food; (3) emergency medical assistance; (4) proper temperature control and ventilation; (5) proper supervision to protect minors from others; and (6) separation from unrelated adults where possible. *Office of Inspections*

UNITED STATES IMMIGRATION AND CUSTOMS ENFORCEMENT

New Project (√)	Project Status Summary as of March 31, 2010	Status
√	IT Matters Related to the FY 2009 Financial Statement Audit of ICE <i>(Mandatory)</i>	Planned
	Reconciliation of Social Security Administration Illegal Immigrant Reform and Immigrant Responsibility Act of 1996 Compliance Expenses and Reimbursements	Planned
	ICE Removal of Criminal Aliens Eligible for Deportation – Part 2 (Title changed from ICE Removal of Criminal Aliens Eligible for Deportation – Part 3)	Planned
	ICE Policies on the Use of Race in Enforcement Activities	Planned
	ICE's 287(g) Agreements Report Update <i>(Mandatory)</i>	In Progress
	Mental Health Care for Alien Detainees	In Progress
	ICE's Age Determinations Report Update <i>(Mandatory)</i>	In Progress
	Supervision of Aliens Commensurate with Risk (Title changed from ICE Alternatives to Detention Program)	In Progress
	ICE Privacy Management	In Progress
	ICE's Program for Identifying Criminal Aliens Eligible for Deportation – Part 1	In Progress
	ICE IT Management	In Progress
	The Performance of 287(g) Agreements (OIG-10-63)	Completed
	Allegation of Improper Release of ICE Worksite Enforcement Strategy (Congressional) (OIG-10-22)	Completed
	Age Determination Practices for Unaccompanied Alien Children in ICE Custody (OIG-10-12)	Completed
	The U.S. Immigration and Customs Enforcement Process for Authorizing Medical Care for Immigration Detainees (formerly ICE's Review of Medical Treatment Requests) (OIG-10-23)	Completed
	Immigration and Customs Enforcement Policies and Procedures Related to Detainee Transfers (formerly Transfer of Detainees in ICE Custody) (OIG-10-13)	Completed
	Management and Oversight of Immigration and Customs Enforcement Office of International Affairs Internal Controls for Acquisitions and Employee Integrity Processes (OIG-10-38)	Completed
	Immigration and Customs Enforcement Management Controls Over Detainee Telephone Services (OIG-10-36)	Completed
	ICE Processing of Criminal Aliens Eligible for Deportation – Part 2	Canceled

Since the publication of our FY 2010 Annual Performance Plan, we have one new project planned under United States Immigration and Customs Enforcement (ICE):

(New) IT Matters Related to the FY 2009 Financial Statement Audit of ICE
(Mandatory)

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

Objective: Determine the effectiveness of ICE's general and application controls over critical financial systems and data. *Office of IT Audits*

***United States Immigration and Customs Enforcement
Planned and In Progress Projects***

(Completed and canceled projects are not shown in this section.)

Reconciliation of Social Security Administration *Illegal Immigrant Reform and Immigrant Responsibility Act of 1996* Compliance Expenses and Reimbursements

The *Illegal Immigrant Reform and Immigrant Responsibility Act of 1996* establishes the requirement that a program for confirming an individual's identity and employment eligibility be established. Under section 404 of the act, the Commissioner of the Social Security Administration (SSA) is responsible for establishing a reliable, secure method to compare the name and Social Security account number provided in an inquiry against such information maintained by the Commissioner in order to confirm the validity of the information provided. Congress has demonstrated interest in ensuring that SSA is reimbursed for its expenses associated with acquiring, installing, and maintaining the technological equipment and systems necessary to fulfill its responsibilities under section 404. Specifically, Congress has suggested that the Commissioner of SSA and the DHS Secretary enter into and maintain an agreement that provides funds to SSA for the full costs of its responsibilities under the act. Additionally, the Offices of the Inspector General from both SSA and DHS would be responsible for jointly conducting an annual review of the accounting and reconciliation of actual costs incurred and funds provided under the agreement.

Objective: Review the annual accounting and reconciliation of the actual costs incurred by SSA and the funds provided to SSA by DHS to acquire, install, and maintain the technological equipment and systems necessary for SSA to fulfill its responsibilities under section 404 of the *Illegal Immigration and Reform and Immigrant Responsibility Act of 1996*. This audit will be a joint review with the OIG of SSA. *Office of Audits*

ICE Removal of Criminal Aliens Eligible for Deportation – Part 2 (Title changed from ICE Removal of Criminal Aliens Eligible for Deportation – Part 3)

This is the second of two audits to determine the efficacy of ICE’s Criminal Alien Program. This audit will focus on the processing and removal of eligible criminal aliens from the United States. The *Immigration Reform and Control Act of 1986* requires that ICE initiate deportation proceedings for incarcerated criminal aliens as expeditiously as possible after the date of conviction. There are approximately 300,000 to 450,000 criminal aliens incarcerated in federal, state, county, and local correctional facilities who are amenable for removal from the United States. Criminal aliens who are eligible for deportation include illegal aliens who are convicted of any crime and lawful permanent residents who are convicted of a removable offense as defined in the *Immigration and Nationality Act*. In 2007, ICE charged approximately 164,000 aliens in jail and removed approximately 95,000 criminal aliens.

Objective: Determine the efficacy of ICE’s processing and removal of criminal aliens in federal, state, county, and local custody who are eligible for deportation from the United States. *Office of Audits*

ICE Policies on the Use of Race in Enforcement Activities

ICE uses a variety of operations to enforce the Nation’s immigration laws, including large worksite raids, targeted efforts against gangs, and smaller actions. Most ICE detainees come from a few countries in Central and South America. In June 2003, the Department of Justice issued “Guidance on the Use of Race by Federal Law Enforcement Agencies.” The guidance declared racial profiling both wrong and inefficient. ICE adopted the policy. However, legal precedent allows law enforcement officers to make some determinations based on race. Recently, various media sources reported incidents in which ICE agents were accused of inappropriately using race as criteria for questioning some individuals. It is important to understand how ICE balances existing rules to ensure adherence to federal policy on the use of racial profiling.

Objectives: Determine whether (1) ICE has developed legally appropriate standards to implement federal policy on the use of race during enforcement operations, and (2) training for ICE agents and 287(g) participants is in line with legal requirements.

Office of Inspections

ICE’s 287(g) Agreements Report Update (Mandatory)

Section 287(g) of the *Immigration and Nationality Act* empowers DHS to delegate immigration enforcement authorities to state and local government agencies through formal written agreements and supervise the immigration enforcement activities of participating officers in these jurisdictions. FY 2010 Appropriations, House Report 2892, Title II, mandates that we report on the ICE 287(g) agreements and directs that we consult with GAO to ensure that our review considers agreements that GAO identified as “problematic.” We recently issued a review of the performance of selected agreements to determine whether any parties have violated the terms, entitled *The Performance of 287(g) Agreements*, OIG-10-63. We observed instances in which ICE and participating law enforcement agencies were not

operating in compliance with the terms of the agreements. We also noted several areas in which ICE had not instituted controls to promote effective program operations and address related risks. We consulted with GAO at the outset of the published review.

Objectives: We will review 287(g) agreements for any violation of the terms of such agreements. Specifically, we will determine whether (1) ICE and law enforcement agencies with active 287(g) agreements are complying with the terms of respective agreements, and (2) ICE Office of Professional Responsibility inspections of 287(g) programs effectively assess compliance with 287(g) memorandums of agreement. *Office of Inspections*

Mental Health Care for Alien Detainees

The ICE Office of Detention and Removal (DRO) is responsible for the identification, apprehension, and removal of illegal aliens. Aliens who are apprehended and not released from custody are placed in detention facilities. DRO must ensure safe and humane conditions of detention, including health care.

ICE established performance-based national detention standards for medical care that are designed to ensure that detainees have access to medical, dental, and mental health care, so that their health care needs are met in a timely and efficient manner. Each detention facility has an in-house or contractual mental health program that provides intake screening, referral as needed, crisis intervention, and suicide prevention.

Objectives: We will (1) evaluate ICE's guidance and training efforts relating to the treatment of those with mental health conditions, (2) evaluate ICE's ability to identify detained individuals with mental health conditions and provide access to appropriate treatment and detention settings, and (3) assess what provisions exist to help ensure detainees with mental health conditions expedient removal or release. *Office of Inspections*

ICE's Age Determinations Report Update (Mandatory)

We recently completed a mandated review of ICE's age determination methodology and practices, entitled *Age Determination Practices for Unaccompanied Alien Children in ICE Custody*, OIG-10-12. The review was prompted by objections from members of the House of Representatives in the 110th Congress to ICE's reliance on skeletal and dental radiographs to determine the age of detainees in its custody. House Report 110-862 directed DHS, through ICE, to "cease immediately its reliance on fallible forensic evidence as determinative of a child's age." The report cited that as a result of ICE's reliance on bone and dental forensics for child age determinations, minors have been erroneously commingled in facilities with adults. In addition, Public Law 110-457 directed DHS to consult with the Department of Health and Human Services in developing procedures to make a prompt determination of the age of an alien. The FY 2010 Appropriations legislation and House Report 111-157, Title II, directs that ICE continue to review its practices for determining the age of those in its custody and to report to congressional appropriations committees any cases where ICE uses bone or dental forensic examinations.

Objectives: Provide an update to the congressional appropriations committees on actions ICE has taken to address our recommendations for the *ICE Age Determinations* review in FY 2010. *Office of Inspections*

Supervision of Aliens Commensurate with Risk (Title changed from ICE Alternatives to Detention Program)

ICE operates the largest detention and community supervision system in the country. On a case-by-case basis, ICE determines the level of supervision necessary to impose on individuals. For example, individuals committing violent crimes such as homicide, sexual assault, and kidnapping are subject to the most restrictive “mandatory” detention. For individuals committing lesser crimes, or those not posing a risk to the community or a risk of flight, ICE may consider a number of less restrictive options, such as bond, parole, order of recognizance, or order of supervision. ICE’s Alternatives to Detention (ATD) programs are also less restrictive options. Two ATD programs are currently in use: the Intensive Supervision Appearance Program and the Electronic Monitoring Program. These programs involve monitoring of individuals through telephonic reporting, home visits, and Global Positioning System tracking.

Objectives: Assess the effectiveness of ICE’s decision-making on whether to detain aliens, or if released, what level of supervision is required. *Office of Audits*

ICE Privacy Management

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

Objectives: Determine whether ICE instills a privacy culture that protects sensitive, personally identifiable information and ensures compliance with federal privacy laws and regulations. *Office of IT Audits*

ICE’s Program for Identifying Criminal Aliens Eligible for Deportation – Part 1

ICE’s Criminal Alien Program is responsible for identifying, processing, and removing criminal aliens incarcerated in federal, state, and local prisons and jails throughout the United States. The *Immigration Reform and Control Act of 1986* requires that ICE initiate deportation proceedings for the incarcerated criminal aliens as expeditiously as possible after their dates of conviction. The goal is to prevent the release of criminal aliens into the general population by securing a final order of removal prior to the termination/completion of their sentences. This is the first of two audits to determine the efficacy of ICE’s Criminal Alien Program. This audit focuses on identification of aliens with criminal records who pose a threat to U.S. public safety.

ICE DRO officers and agents determine the number and location of criminal aliens incarcerated in federal, state, and local jails by following up on referrals or initiating contact with various facilities within each field office's area of responsibility. Database checks and interviews are conducted to determine alien age, citizenship, and criminal history. If probable cause is determined, a detainer is issued to prevent the release of the criminal alien from the facility and, when required, charging documents are issued to formally begin proceedings to remove the criminal alien from the country. Congress has provided ICE with significant funding to help meet the ever-increasing demand for enforcement personnel and detention bed space. Despite these efforts, the majority of the criminal aliens eligible for removal continue to be released into the U.S. population.

Objective: Determine the efficacy of ICE's efforts to identify criminal aliens in federal, state, and local custody who are eligible for deportation from the U.S. *Office of Audits*

ICE IT Management

Effective use of IT, coupled with updated processes, is vital to increase efficiency and address demands in meeting ICE's mission. ICE has embarked on a multimillion-dollar effort to modernize its aging IT systems and related IT infrastructure. The *Recovery Act* provides \$20 million for this effort, in addition to funds that were appropriated previously.

Objective: Determine ICE's effectiveness in managing its IT resources and its progress in modernizing its IT systems and related infrastructure. *Office of IT Audits*

UNITED STATES SECRET SERVICE

New Project (√)	Project Status Summary as of March 31, 2010	Status
√	U.S. Secret Service IT Modernization Review	Planned
	United States Secret Service After-Action Review of Inaugural Security (Redacted) (OIG-10-04)	Completed

Since the publication of our FY 2010 Annual Performance Plan, we have one new project planned under the U.S. Secret Service (USSS):

(New) U.S. Secret Service IT Modernization Review

This audit will cover areas including its concept of operations, IT strategic plan, and user requirements for the IT Modernization effort. In addition, we will assess the extent to which the approach aligns with DHS' overall IT strategy and objectives. This will include

interviews with USSS Office of the Chief Information Officer officials and other stakeholders as applicable.

Objective: Determine the extent to which the USSS IT Modernization management approach supports its investigative and protective missions, goals, and objectives. *Office of IT Audits*

MULTIPLE COMPONENTS

New Project (√)	Project Status Summary as of March 31, 2010	Status
√	Effectiveness of National Security Entrance-Exit Registration System (NSEERS)	Planned
	DHS Passenger Vessel Security	Planned
	Position Management in Selected DHS Internal Affairs Offices	Planned
	DHS' Intelligence Systems' Effectiveness to Share Information	In Progress
	Adequacy of DHS' Controls Over Seized Contraband	In Progress
	Procurement of Explosives Detection Equipment – Department-wide <i>(Congressional)</i>	In Progress
	Information Sharing Among DHS Immigration & Border Management Components	In Progress
	DHS Counterintelligence Activities	In Progress
	DHS Conference Spending Practices and Oversight (OIG-10-19)	Completed
	Major Management Challenges FY 2009 <i>(Mandatory)</i> (OIG-10-16)	Completed
	Controls Over Accountable Property – Firearms (OIG-10-41)	Completed
	Use of Multiple Databases in Intelligence Watchlists	Deferred
	Coordination and Effectiveness of TSA's and S&T's Behavior Screening Programs	Deferred
	CBP and ICE's Acquisition and Deployment of Tactical Communication and Other Security Technology Funded by the <i>American Recovery and Reinvestment Act of 2009</i> (Title changed from CBP's Development and Deployment of its Secure Border Initiative Technology Program (SBInet) Funded by the <i>American Recovery and Reinvestment Act of 2009</i>)	Deferred
	Oversight of DHS' Handling of Controlled Unclassified Information	Canceled
	DHS Internal Investigative Operations	Canceled

Since the publication of our FY 2010 Annual Performance Plan, we have one new project planned under for multiple components:

(New) Effectiveness of National Security Entrance-Exit Registration System (NSEERS)

The National Security Entrance-Exit Registration System (NSEERS) was implemented in the wake of September 11, 2001. It required nonimmigrants from predominantly Arab and Muslim countries to register at ports of entry and local immigration offices and to complete fingerprints, photographs, and lengthy questioning.

A variety of public interest groups have criticized NSEERS. Among their assertions is that NSEERS “has been morally and socially troubling, and has been ineffective in our Nation’s counterterrorism efforts.” One of these organizations, the Center for Immigrants’ Rights at Penn State’s Dickinson School of Law, issued a report on NSEERS in 2009. The report highlights the continuing impact of the NSEERS program on the registrants and their families. The report argues that NSEERS was poorly conceived and executed, and that it has had a “damaging impact ... on individuals, public policy, and due process.”

Objectives: To (1) determine the effectiveness of NSEERS as a counterterror tool, focusing on the utility of the information collected, the uses to which that information has been put by DHS, and positive outcomes; (2) review the impact of NSEERS on the targeted communities; and (3) evaluate the degree to which NSEERS objectives could be met using other DHS data systems, specifically US-VISIT. *Office of Inspections*

Multiple Components Planned and In Progress Projects

(Completed, deferred, and canceled projects are not shown in this section.)

DHS Passenger Vessel Security

The passenger density of domestic excursion boats and ferries makes them attractive targets for terrorists. TSA continues to aggressively test advanced explosives detection technology as part of its multiphased Security Enhancement and Capabilities Augmentation Program. Designed specifically for the maritime environment, each phase of the pilot program gives TSA the opportunity to network with different ferry and cruise ship operators around the country, test emerging technologies, and develop strategies to respond to specific threats that arise from new intelligence or major events. In the past 3 years, TSA has conducted pilot tests on several high-volume commuter ferry systems, including the Cape May-Lewes Ferry in New Jersey, the Golden Gate Ferry in California, and the Jamestown-Scotland Ferry in Virginia. Further, USCG regulatory efforts addressing minimum company security measures are presently based more on passenger vessel size than activity. Increased regulatory enforcement could potentially disrupt the economic activity of these vessels.

Objective: Determine the efficacy of DHS’ efforts to improve security of passenger vessels through the use of new technology in balance with initiatives for ensuring compliance with regulatory requirements. *Office of Audits*

Position Management in Selected DHS Internal Affairs Offices

Objectives: With the assistance of the Office of Personnel Management, determine whether the internal affairs offices in CBP and ICE made efficient use of allocated positions, including in terms of cost; and complied with federal personnel laws and regulations governing use of administratively uncontrollable over time. *Office of Inspections*

DHS' Intelligence Systems' Effectiveness to Share Information

In developing our country's response to threats of terrorism, intelligence breaches, and cyber security attacks, public safety leaders from all disciplines have recognized the need to improve the sharing of intelligence information. A sharing process should be established within DHS to coordinate an effective response to intelligence threats and to notify and disseminate threat information to other federal agencies, states, and local/tribal entities. DHS and its components rely on a wide array of intelligence IT systems to support their respective intelligence missions. These legacy systems are stovepiped and may not share information effectively, which may hinder DHS' overall intelligence program. This audit will focus on the DHS components' efforts to share intelligence and threat information, and on an evaluation of the IT systems and other mechanisms that are and can be used.

Objective: Determine whether DHS has established a department-wide process to effectively share intelligence information. *Office of IT Audits*

Adequacy of CBP's Controls Over Seized Contraband

Six DHS components—CBP, ICE, USCG, TSA, USCIS, and USSS—are responsible for handling seized contraband as part of their missions. Of the six DHS components, only CBP is responsible for the permanent custody, storage, and destruction of seized contraband. Since Secretary Napolitano, in March 2009, announced several southwest border initiatives designed to crack down on drug cartels through enhanced border security, CBP has seized more than \$29.2 million in southbound currency—an increase of more than \$11.3 million compared to the same period prior to the southwest border initiatives. In this period, CBP and ICE have seized more than \$83.7 million and more than 1.5 million kilograms of drugs at the southwest border—an increase of more than \$17.9 million and more than 242,000 kilograms of drugs. Owing to the complex accountability mechanisms and decentralized structure of the seized contraband process and the increasing number of CBP drug and bulk seizures, this audit will focus on CBP's controls over these two types of high-risk seized contraband: illegal drugs and bulk cash seizures.

Objective: Determine the efficacy of CBP's controls for receipting, storing, transporting, recording, and depositing seized bulk cash and illegal drugs. *Office of Audits*

Procurement of Explosives Detection Equipment – Department-wide (Congressional)

DHS is continuing to procure and make more widespread use of explosives detection equipment. TSA, for example, continues to procure equipment with advanced capabilities and stores this equipment in warehouses prior to deployment, and warehouses equipment that is being taken out of service. The Federal Protective Service recently announced that it will install explosives detection system equipment in federal office building entrances. This audit will focus on the department's ability to cross-level explosives detection equipment requirements among components. This audit will respond to a request from Senator Schumer for us to review the DHS decision-making process regarding such detection equipment.

Objective: Determine whether the department has effective oversight over the acquisition and use of detection equipment by the components. *Office of Audits*

Information Sharing Among DHS Immigration and Border Management Components

DHS components use several IT systems to screen persons crossing the border, applying for immigration benefits, or involved in potential immigration violations. Some of the systems were inherited from the Immigration and Naturalization Service when DHS was created in 2003. Previous reports from GAO and Department of Justice OIG have criticized the legacy systems as poorly integrated, hampering staff's ability to identify and process persons who present a threat to national security or public safety. CBP, ICE, and USCIS have undertaken or participated in several initiatives to improve the sharing of information and intelligence.

Objectives: Determine the effectiveness and efficiency of the mechanisms through which CBP, ICE, and USCIS share intelligence, considering the degree of coordination, user access to needed information, and potential duplication among data systems. *Office of Inspections*

DHS Counterintelligence Activities

Because DHS contains Intelligence Community components, DHS officers have access to a wide array of classified information, much of which would be useful to foreign intelligence services. As such, DHS could be targeted by international terrorist organizations, some of which have sophisticated intelligence-gathering capabilities. To counter this threat, Intelligence Community members possess capabilities to detect and neutralize intelligence vulnerabilities. Although the Federal Bureau of Investigation has the lead for domestic counterintelligence investigations for the federal government, DHS remains responsible for ensuring that counterintelligence matters that affect the department are identified and either passed onto the Federal Bureau of Investigation for further investigation or handled internally.

The DHS Secretary identified the Office of Intelligence and Analysis and the Office of Security, operating under the guidance of the CIO, to provide DHS with a counterintelligence capability. Currently, the Office of Intelligence and Analysis has a small counterintelligence capability, and the Office of Security has a Counterintelligence Directorate. The Secretary has requested funding in the FY 2009 budget submission to bolster DHS counterintelligence capabilities.

Objectives: Determine the effectiveness of DHS counterintelligence capabilities and the DHS response to counterintelligence threats, and what actions could be taken to mitigate potential deficiencies. *Office of Inspections*

Chapter 4 – Other OIG Activities Planned for FY 2010

Since the publication of our FY 2010 Annual Performance Plan, we list the following revisions affecting our nontraditional projects that our audit and inspection offices will undertake in FY 2010. The nature of the projects may or may not result in our issuing a report at the conclusion of the projects. Instead, projects may result in the issuance of scorecards and other documents that capture our work on non-DHS projects, such as monitoring the work of nonfederal contract auditors. The status of projects that will result in a report is listed in the table below.

New Project (√)	Project Status Summary as of March 31, 2010	Status
	No new projects are planned that will result in a report	
	Major Management Challenges FY 2010 (<i>Mandatory</i>)	Planned
	<i>Single Audit Act</i> Reviews (<i>Mandatory</i>)	In Progress
	Oversight of Contracted IT-Related Testing Performed as Part of DHS' FY 2010 Audited Financial Statements (<i>Mandatory</i>)	In Progress
	Intelligence Oversight and Quarterly Reporting (<i>Mandatory</i>)	In Progress
	Major Management Challenges FY 2009 (<i>Mandatory</i>) (OIG-10-16)	Completed
	DHS Intelligence Components' Participation in Foreign Intelligence Activities	Canceled

AUDIT & INSPECTION OFFICES

Audit and Inspection Offices In Progress Projects

Management Challenges FY 2010 (*Mandatory*)

The *Homeland Security Act of 2002* brought together 22 agencies to create a new Cabinet-level department focusing on reducing U.S. vulnerability to terrorist attacks and minimizing damages and assisting in recovery from attacks that do occur. While DHS has made progress, it still has much to do to establish a cohesive, efficient, and effective organization.

As required by the *Reports Consolidation Act of 2000*, Public Law 106-53, DHS annually reports what it considers to be the most serious management and performance challenges facing the agency and briefly assesses its progress in addressing those challenges. The report is included in the department's annual report submitted to the President, the Director of OMB, and Congress no later than 150 days after the end of the agency's fiscal year.

The major management challenges identified, including department-wide and operational challenges, are a major factor in setting our priorities for audits, inspections, and evaluations of DHS programs and operations.

Objective: Summarize the department's major management challenges for FY 2010 as required by the *Reports Consolidation Act of 2000*, P.L. 106-531. *Office of Audits*

Single Audit Act Reviews (Mandatory)

Offices of Inspectors General are the federal audit agencies responsible for determining whether nonprofit organizations as well as state and local governments comply with the *Single Audit Act*. All nonfederal organizations that spend \$500,000 or more a year in federal assistance funds (i.e., grants, contracts, loans, and cooperative agreements) are required to obtain an annual audit in accordance with the act. According to OMB Circular A-133, recipients expending more than \$50 million a year in federal awards shall have a cognizant agency for audit. For recipients expending less than \$50 million but more \$500,000 a year, the agency providing the most direct funding will have oversight responsibilities. We are the cognizant agency for 8 recipients and have oversight responsibility for 633 recipients. Under OMB Circular A-133, cognizant and oversight agency responsibilities include performing quality control reviews of the single audit work performed by the nonfederal auditors.

Objective: Determine whether the work performed by the nonfederal auditors complies with OMB Circular A-133 requirements and applicable auditing standards and regulations. *Office of Audits*

Secure Border Initiative and SBInet 2009 Program Oversight (No report to be issued)

In November 2005, DHS established the Secure Border Initiative (SBI), a multiyear, multibillion-dollar program for using personnel, technology, and tactical infrastructure to secure the U.S. borders and reduce illegal immigration. The SBInet Technology Program is the portion of SBI that includes the video cameras, ground sensors, radar, and computer systems used to detect, identify, classify, and track illegal pedestrian and vehicle crossings. DHS estimates that the total cost of the acquisition phase for securing the southwest border is \$7.6 billion for fiscal years 2007 through 2011. These funds will facilitate the design, development, integration, and deployment of fencing, roads, vehicle barriers, radar units, and command and control communications equipment, along with integrated logistics and operations support. As with any major acquisition, we will monitor the SBInet initiative to ensure accomplishment of program objectives regarding cost, schedule, and performance, as well as compliance with applicable regulations and policies.

Objective: Provide oversight of CBP's SBInet acquisition practices, management of the risks associated with the accomplishment of program objectives, and compliance with applicable regulations and policies. *Office of Audits*

Followup on DHS' Progress in Implementing Recommendations Related to Auditability Assessment of DHS' Statement of Budgetary Resources (FY 2009) (No report to be issued)

Because DHS has not been able to obtain an opinion on its balance sheet as part of the financial statement audit, the budgetary accounts receive only limited audit coverage during the financial statement audit. In FY 2008, we implemented an additional performance audit to improve internal controls over financial reporting and the auditability of budgetary accounts at FEMA, ICE, USCIS, TSA, and USCG.

Objective: Follow up on prior year recommendations to determine whether those recommendations should remain open or can be closed. *Office of Audits*

Followup on DHS' Progress in Implementing Recommendations Related to the Audits of FEMA, TSA, and USCG's FY 2008 Mission Action Plans (No report to be issued)

In FY 2006, DHS began a concerted effort to develop management action plans to address numerous material weaknesses in internal control 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. Management action plans are an integral part of implementing OMB Circular A-123 because they identify needed improvements and corresponding remedial actions. This review will assess the department's progress in implementing prior year recommendations related to the mission action plans for FEMA, TSA, and USCG, and it addresses financial performance as outlined in the President's Management Agenda.

Objective: Follow up on prior year recommendations to determine whether those recommendations should remain open or can be closed. *Office of Audits*

Followup on DHS' Progress in Implementing Recommendations Related to the Audit of Management's Implementation of OMB Circular A-123 (No report to be issued)

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 actions; and make an assertion about the effectiveness of internal control over financial reporting. This review will assess DHS' progress in remediating prior year findings related to management's implementation of OMB Circular No. A-123, and it addresses financial performance as outlined in the President's Management Agenda.

Objective: Follow up on prior year recommendations to determine whether those recommendations should remain open or can be closed. *Office of Audits*

Oversight of Contracted IT-Related Testing Performed as Part of DHS' FY 2010 Audited Financial Statements *(Mandatory)*

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

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

Intelligence Oversight and Quarterly Reporting *(Mandatory)*

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

Objectives: We will validate assertions on a quarterly basis made by the USCG and Office of Intelligence and Analysis concerning their compliance with Executive Order 12333, and report possible violations that come to our attention. *Office of Inspections*

OFFICE OF ADMINISTRATION

(New) Bottom-Up Review and the Quadrennial Homeland Security Review (No report to be issued)

We participated in meetings related to the department's initiative known as the Bottom-Up Review, which is an ongoing effort to systematically link strategy to program to budget. It also represents a comprehensive examination of the department's activities and resources driven by the results of the Quadrennial Homeland Security Review (QHSR). The QHSR outlines the strategic framework to guide the activities of participants in homeland security toward a common end. The QHSR is driven by five major homeland security missions: (1)

preventing terrorism and enhancing security, (2) securing and managing our borders, (3) enforcing and administering our immigration laws, (4) safeguarding and securing cyberspace, and (5) ensuring resilience to disasters.

Chapter 5 – Completed Projects (10/1/2009 - 3/31/2010)

The following table represents a list of reports we have issued to the department from the beginning of FY 2010 through March 31, 2010. Some of the reports listed below are the result of projects announced in a previous Annual Performance Plan and are not reflected in the tables on the previous pages of this plan, which only include FY 2010 projects.

	Report Number	Report Title	Date Issued	DHS Component
1.	OIG-10-01	CBP's Ability to Detect Biological and Chemical Threats in Maritime Cargo Containers (Redacted)	10/09	CBP
2.	OIG-10-02	FLETC's Leases for Dormitories 1 and 3	10/09	FLETC
3.	OIG-10-03	FEMA's Progress in All-Hazards Mitigation	10/09	FEMA
4.	OIG-10-04	United States Secret Service After-Action Review of Inaugural Security (Redacted)	10/09	USSS
5.	OIG-10-05	Audit of CBP Spending Plans for the <i>American Recovery and Reinvestment Act of 2009</i>	10/09	CBP
6.	OIG-10-06	Review of the U.S. Coast Guard's Expenditure Plans for the <i>American Recovery and Reinvestment Act of 2009</i> (Redacted)	10/09	USCG
7.	OIG-10-07	Review of United States Coast Guard's Certification of Maritime Awareness Global Network (MAGNET) (Unclassified Summary) ³	10/09	USCG
8.	OIG-10-08	Process Used by the Department of Homeland Security to Monitor Reporting by Recipients of <i>American Recovery and Reinvestment Act of 2009</i> Funds	10/09	Management
9.	OIG-10-09	Security of Air Cargo During Ground Transportation (Redacted)	11/09	TSA
10.	OIG-10-10	DHS Contracts With Low Wage Payments	11/09	Management
11.	OIG-10-11	Independent Auditor's Report on DHS' FY 2009 Financial Statements and Internal Control over Financial Reporting	11/09	Management
12.	OIG-10-12	Age Determination Practices for Unaccompanied Alien Children in ICE Custody	11/09	ICE
13.	OIG-10-13	Immigration and Customs Enforcement Policies and Procedures Related to Detainee Transfers	11/09	ICE
14.	OIG-10-14	Management of the Transportation Security Administration's Logistics Center	11/09	TSA

³ This is a new project and was not referenced in the prior FY 2009 and FY 2010 annual performance plans.

	Report Number	Report Title	Date Issued	DHS Component
15.	OIG-10-15	Information Sharing at the National Operations Center (Redacted)	11/09	Office of Operations Coordination
16.	OIG-10-16	Major Management Challenges Facing the Department of Homeland Security	11/09	Management
17.	OIG-10-17	Annual Review of the United States Coast Guard's Mission Performance (FY 2008)	11/09	USCG
18.	OIG-10-18	Special Purpose Closing Package	11/09	Management
19.	OIG-10-19	DHS Conference Spending Practices and Oversight	11/09	Management
20.	OIG-10-20	The State of West Virginia's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2005 through 2007	11/09	FEMA
21.	OIG-10-21	Survey of the Number, Qualifications, and Training of DHS Personnel Responsible for Administering <i>Recovery Act</i> Contracts and Grants	12/09	Management
22.	OIG-10-22	Release of the U.S. Immigration and Customs Enforcement's Worksite Enforcement Strategy	12/09	ICE
23.	OIG-10-23	U.S. Immigration and Customs Enforcement Process for Authorizing Medical Care for Immigration Detainees	12/09	ICE
24.	OIG-10-24	FEMA Temporary Housing Property Management Controls	12/09	FEMA
25.	OIG-10-25	Review of the Transportation Security Administration's Expenditure Plan: Explosives Detection Systems and Equipment	12/09	TSA
26.	OIG-10-26	Assessment of FEMA's Public Assistance Program Policies and Procedures	12/09	FEMA
27.	OIG-10-27	Review of Selected Personnel Practices at FEMA's Maryland National Processing Service Center	12/09	FEMA
28.	OIG-10-28	Gulf Coast Recovery: FEMA's Management of the Hazard Mitigation Component of the Public Assistance Program	12/09	FEMA
29.	OIG-10-29	The State of South Carolina's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2005 through 2007	12/09	FEMA
30.	OIG-10-30	Improvements Necessary in DHS' Security Program and Practices for Its Intelligence Systems (Unclassified Summary)	12/09	I&A
31.	OIG-10-31	Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2009	12/09	FEMA
32.	OIG-10-32	Management Advisory Report: FEMA's IMAT Program	1/10	FEMA
33.	OIG-10-33	The State of Missouri's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2005 through 2007	1/10	FEMA
34.	OIG-10-34	Cargo Targeting and Examinations	1/10	CBP
35.	OIG-10-35	Federal Emergency Management Agency Working Capital Fund FY 2009 (Unclassified Version)	2/10	FEMA

	Report Number	Report Title	Date Issued	DHS Component
36.	OIG-10-36	Immigration and Customs Enforcement Management Controls Over Detainee Telephone Services	1/10	ICE
37.	OIG-10-37	TSA's Breach of Sensitive Security Information (Redacted)	1/10	TSA
38.	OIG-10-38	Management and Oversight of Immigration and Customs Enforcement Office of International Affairs Internal Controls for Acquisitions and Employee Integrity Processes	1/10	ICE
39.	OIG-10-39	U.S. Citizenship and Immigration Services' Implementation of the <i>Kendell Frederick Citizenship Assistance Act</i> ⁴	1/10	USCIS
40.	OIG-10-40	Resource and Security Issues Hinder DHS' Implementation of Homeland Security Presidential Directive 12	1/10	Management
41.	OIG-10-41	DHS Controls Over Firearms	1/10	Multiple
42.	OIG-10-42	Department of Homeland Security's Acquisition Data Management Systems	1/10	Management
43.	OIG-10-43	Independent Review of the U.S. Customs and Border Protection's Reporting of FY 2009 Drug Control Obligations	1/10	CBP
44.	OIG-10-44	Independent Review of the U.S. Customs and Border Protection's Reporting of FY 2009 Drug Control Performance Summary Report	1/10	CBP
45.	OIG-10-45	Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2009 Drug Control Performance Summary Report	1/10	ICE
46.	OIG-10-46	Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2009 Drug Control Obligations	1/10	ICE
47.	OIG-10-47	Independent Review of the U.S. Coast Guard's Reporting of FY 2009 Drug Control Performance Summary Report	1/10	USCG
48.	OIG-10-48	Independent Review on the U.S. Coast Guard's Reporting of FY 2009 Drug Control Obligations	1/10	USCG
49.	OIG-10-49	Opportunities to Improve FEMA's Disaster Closeout Process	1/10	FEMA
50.	OIG-10-50	DHS' Use of Suspension and Debarment Actions for Poorly Performing Contractors	2/10	Management
51.	OIG-10-51	Independent Auditors' Report on U.S. Customs and Border Protection's FY 2009 Financial Statements	2/10	CBP
52.	OIG-10-52	CBP's Container Security Initiative Has Proactive Management and Oversight but Future Direction Is Uncertain (Letter Report)	2/10	CBP
53.	OIG-10-53	Improvements Needed in FEMA's Disaster Contract Management	2/10	FEMA

⁴This is a new project and was not referenced in the prior FY 2009 and FY 2010 annual performance plans.

	Report Number	Report Title	Date Issued	DHS Component
54.	OIG-10-54	CBP Faces Challenges in Achieving Its Goals for Small Business Participation in Secure Border Initiative Network	2/10	CBP
55.	OIG-10-55	DHS Contracts Awarded Through Other Than Full and Open Competition During Fiscal Year 2009	2/10	Management
56.	OIG-10-56	Review of Management Agreements Developed for DHS' Primary Data Center ⁵	2/10	Management
57.	OIG-10-57	Review of the U.S. Department of Homeland Security's <i>Recovery Act</i> Plan	2/10	Management
58.	OIG-10-58	DHS' Progress in Federal Incident Management Planning (Redacted)	2/10	FEMA
59.	OIG-10-59	Independent Auditors' Report on U.S. Citizenship and Immigration Services' FY 2009 Consolidated Balance Sheet	2/10	Management
60.	OIG-10-60	Management Letter for the FY 2009 DHS Financial Statement and Internal Control over Financial Reporting Audit	2/10	Management
61.	OIG-10-61	Management Letter for U.S. Customs and Border Protection's FY 2009 Consolidated Financial Statements	3/10	Management
62.	OIG-10-62	Management Letter for U.S. Citizenship and Immigration Services' FY 2009 Consolidated Balance Sheet	3/10	Management
63.	OIG-10-63	The Performance of 287(g) Agreements	3/10	ICE
64.	OIG-10-64	National Flood Insurance Program Management Letter for DHS' FY 2009 Financial Statement Audit	3/10	Management
65.	OIG-10-65	Independent Auditors' Report on the Federal Law Enforcement Training Center's FY 2009 Consolidated Financial Statements	3/10	Management
66.	OIG-10-66	Federal Emergency Management Agency's Capabilities to Oversee <i>American Recovery and Reinvestment Act of 2009</i> Grant Programs	3/10	FEMA
67.	OIG-10-67	Management Letter for U.S. Immigration and Customs Enforcement's FY 2009 Consolidated Balance Sheet	3/10	Management
68.	OIG-10-68	TSA's Preparedness for Mass Transit and Passenger Rail Emergencies	3/10	TSA

⁵This is a new project and was not referenced in the prior FY 2009 and FY 2010 annual performance plans.

	Report Number	Report Title	Date Issued	DHS Component
69.	OIG-10-69	Efficacy of DHS Grant Programs	3/10	FEMA
70.	OIG-10-70	Independent Auditors' Report on U.S. Immigration and Customs Enforcement's FY 2009 Consolidated Balance Sheet	3/10	Management
71.	OIG-10-71	DHS Contracts Awarded Through Other Than Full and Open Competition During FY 2008	3/10	Management
72.	OIG-10-72	Transportation Security Administration's Acquisition of Support Services Contracts	3/10	TSA
73.	OIG-10-73	Management Letter for the Federal Law Enforcement Training Center's FY 2009 Consolidated Financial Statements	3/10	Management
74.	OIG-10-74	Management Advisory Report: Permanent Housing Construction on American Samoa	3/10	FEMA
75.	OIG-10-75	Evaluation of Newly Deployed and Enhanced Screening Technology and Practices at the Passenger Screening Checkpoint	3/10	TSA
76.	OIG-10-76	Improvement Needed in FEMA's Management of the National Flood Insurance Program's Information Technology Transition	3/10	FEMA
77.	Letter Issued	FEMA Hiring Practices	3/10	FEMA

Chapter 6 –Deferred Projects

Title	DHS Component	Start
Use of Multiple Databases in Intelligence Watchlists	ICE / NPPD	October 2010
DHS IT Management Structure Follow-up	Management	November 2010
Audit of the U.S. Customs and Border Protection’s Office of Regulatory Audit’s Internal Quality Control System	CBP	December 2010
Coordination and Effectiveness of TSA’ and S&T’s Behavior Screening Programs	TSA/S&T	January 2011
Operation Armas Cruzadas	CBP	January 2011
CBP and ICE’s Acquisition and Deployment of Tactical Communication and Other Security Technology Funded by the <i>American Recovery and Reinvestment Act of 2009</i> (Title changed from CBP’s Development and Deployment of its Secure Border Initiative Technology Program (SBI <i>net</i>) Funded by the <i>American Recovery and Reinvestment Act of 2009</i>)	CBP / ICE	January 2011
CBP’s IT Management	CBP	March 2011

Chapter 7 – Canceled Projects

Title	DHS Component	Status
Joint DHS/DNI Inspector General Intelligence Review of I&A	I&A	Canceled
DHS' Human Capital and Resource Support to State and Local Fusion Centers	I&A	Canceled
Oversight of DHS' Handling of Controlled Unclassified Information	Multiple	Canceled
DHS Internal Investigative Operations	Multiple	Canceled
DHS Intelligence Components' Participation in Foreign Intelligence Activities	USCG / I&A	Canceled
DHS Employment Verification Program	USCIS	Canceled
Unauthorized Client Software	Management	Canceled
Data Center Consolidation Issues at Stennis Space Center	Management	Canceled
USCIS Chicago Lockbox Operations	USCIS	Canceled
Review of U.S. Customs and Border Protection's User Fees Authorized Under the <i>Consolidated Omnibus Budget Reconciliation Act of 1985</i> , as amended	CBP	Canceled
Review of the Refund and Drawback Processes for CBP	CBP	Canceled
States Management of SHSP and UASI Grant Programs: Louisiana	FEMA	Canceled
States Management of SHSP and UASI Grant Programs: Minnesota	FEMA	Canceled
Coast Guard Management Letter for FY 2009 Consolidated Audit	Management	Canceled
FY 2010 Audits of Individual Financial Statements of FLETC, TSA, ICE, and USCIS	Management	Canceled
Independent Auditors Report on FEMA's FY 2010 Consolidated Financial Statements	Management	Canceled
Automated Targeting System (ATS) 2010, Data Reliability	CBP	Canceled
ICE Processing of Criminal Aliens Eligible for Deportation – Part 2	ICE	Canceled
FEMA's Strategy to Measure the Effectiveness of Emergency Management Performance Grants	FEMA	Canceled
DHS Financial Systems Consolidation Project	Management	Canceled

Chapter 8 – American Recovery and Reinvestment Act of 2009 Projects

New Project (√)	Project Status Summary as of March 31, 2010	Status
√	Disposition of Referrals and Allegations Pertaining to the American Recovery and Reinvestment Act of 2009 (No report to be issued)	In Progress
√	Review of the Quality of Data Submitted by Recovery Act Funds Recipients	In Progress
	Acquisition and Installation at Airports of Passenger Explosives Detection Systems Funded by the <i>American Recovery and Reinvestment Act of 2009</i>	Planned
	Acquisition and Installation at Airports of Baggage Explosives Detection Systems Funded by the <i>American Recovery and Reinvestment Act of 2009</i>	In Progress
	Infrastructure Protection Grants for Transit and Maritime Port Security Funded by the <i>American Recovery and Reinvestment Act of 2009</i> (Title changed from Infrastructure Protection Activities Grant Awards)	In Progress
	Construction of Land Ports of Entry Funded by the American Recovery and Reinvestment Act of 2009	In Progress
	Survey of the Number, Qualifications, and Training of DHS Personnel Responsible for Administering Recovery Act Contracts and Grants (Title changed from DHS' <i>Recovery Act</i> Acquisition and Grants Workforce Staffing and Qualifications) (<i>Mandatory</i>) (OIG-10-21)	Completed
	Process Used by DHS to Monitor Reporting by Recipients of American Recovery and Reinvestment Act of 2009 Funds (<i>Mandatory</i>) (OIG-10-08)	Completed
	CBP's and ICE's Acquisition of Tactical Communication and Other Security Technology Funded by the American Reinvestment and Recovery Act of 2009 (Title changed from CBP's Development and Deployment of Its Secure Border Initiative Technology Program (SBInet) Funded by the American Recovery and Reinvestment Act of 2009)	Deferred

Since the publication of our FY 2010 Annual Performance Plan, we have two new projects planned under the *American Recovery and Reinvestment Act of 2009*. We briefly describe this new project under the TSA component below:

(New) Disposition of Referrals and Allegations Pertaining to the American Recovery and Reinvestment Act of 2009 (No report to be issued)

We periodically receive referrals from the Recovery Accountability and Transparency Board containing allegations submitted to the Board from individuals or organizations concerning DHS administration of Recovery Act funds. Four referrals have been received in FY 2010 concerning procurement management, misuse of grant funds, and Land Ports of Entry.

Objective: Determine the validity of the allegation and what actions, if any, are necessary to resolve it and notify the Recovery Board of its disposition. *Office of Audits*

(New) Review of the Quality of Data Submitted by Recovery Act Funds Recipients

This review is being performed as part of a Recovery Accountability and Transparency Board effort to examine the quality of data submitted by recipients of Recovery Act funds. Components within DHS received \$2.75 billion for Recovery Act activities. To accomplish these activities, DHS awarded contract and grants to government, non-profit and for profit organizations. The Act requires these recipients to submit quarterly reports including information on the status of recovery funds; lists of projects undertaken; and project accomplishments, such as, jobs created. DHS recipients submitted over 400 reports for the quarter ended December 31, 2009.

Objective: Determine whether recipients completed reports accurately and timely for the period ending December 31, 2009, and whether the department effectively reviewed the submissions. *Office of Audits*

TRANSPORTATION SECURITY ADMINISTRATION***Planned and In Progress Projects*****Acquisition and Installation at Airports of Passenger Explosives Detection Systems Funded by the American Recovery and Reinvestment Act of 2009**

TSA plans to use the \$1 billion it has been provided under the *Recovery Act* to purchase and install explosives detection systems and equipment at selected airports. TSA allocated \$300 million to the passenger screening program. The program will deploy the following enhanced checkpoint screening equipment: Advanced Technology X-ray, Universal Conveyor Systems, Bottled Liquid Scanners, Whole Body Imager Technology, and Next-Generation Explosive Trace Detectors. In addition, the program will provide funding to TSA's Advanced Surveillance Program, which partners with airport authorities to enhance current/existing closed circuit surveillance systems at passenger checkpoints and checked baggage screening areas.

Objectives: Determine whether (1) airport authority site selections are based on risk and prudent use of *Recovery Act* funds, (2) acquisition and deployment schedules allow for timely and effective use *Recovery Act* funds and equipment, (3) program performance and monitoring metrics are well designed and properly functioning, and (4) external reporting is accurate and timely. *Office of Audits*

Acquisition and Installation at Airports of Baggage Explosives Detection Systems Funded by the American Recovery and Reinvestment Act of 2009

TSA plans to use the \$1 billion it has been provided under the *American Recovery and Reinvestment Act of 2009 (Recovery Act)* to purchase and install explosives detection systems and equipment at selected airports. Approximately \$700 million will be used for an

electronic baggage screening program. Of the \$700 million, approximately \$600 million will be allocated to facility modification projects for the construction of high-speed baggage handling systems and in-line explosive detection systems at 27 airports.

Objective: Determine whether (1) airport authority site selections are based on risk and prudent use of *Recovery Act* funds, (2) acquisition and deployment schedules allow for timely and effective use *Recovery Act* funds and equipment, (3) airport site preparation schedules will result in the use of funds in reasonable timeframes, (4) program performance and monitoring metrics are well designed and properly functioning, and (5) external reporting is accurate and timely. *Office of Audits*

FEDERAL EMERGENCY MANAGEMENT AGENCY

In Progress Project

Infrastructure Protection Grants for Transit and Maritime Port Security Funded by the American Recovery and Reinvestment Act of 2009 (Title changed from Infrastructure Protection Activities Grant Awards)

The *Recovery Act* appropriated \$300 million to FEMA for Transit and Port Security Grants. FEMA will award Transit Grants totaling \$150 million to transit agencies for Priority 1 and Priority 2 projects. Priority 1 projects include activities such as canine teams, mobile explosives detection screening teams, and antiterrorism teams. Funds may be used only for new capabilities and programs and may not be used to supplant existing agency activities. Priority 2 represents shovel-ready capital projects for antiterrorism security enhancement measures. Recipients certified that these projects will begin within 90 days of the receipt of funds and that the project will be completed 24 months after the release of funds.

FEMA will award Port Security Grants totaling \$150 million to maritime port areas and ferry systems for the protection of critical infrastructure from terrorism. FEMA allocated funding to five categories. FEMA grouped the ports (Group I being the highest priority and other port areas being the lowest) and ferry systems on the basis of risk, as follows:

Categories	No. of Ports	Funding
Group I	7	\$81,400,000
Group II	47	54,020,000
Group III	36	6,660,000
Other port areas		5,920,000
Ferries		2,000,000
Total		150,000,000

Port operators (state, local, and private sector partners) within each group may compete for project funding to (1) enhance maritime domain awareness; (2) enhance improvised explosive device and weapons of mass destruction prevention, protection, response, and recovery capabilities; (3) support implementation of the Transportation Worker Identification Credentials effort; and (4) construct or improve infrastructure improvement projects that are identified in the Port-wide Risk Management Plan, Facility Security Plans, and/or Vessel Security Plans.

Objective: Determine whether (1) grantee selection was based on risk and prudent use of *Recovery Act* funds, (2) funds will be used in reasonable timeframes in accordance with requirements, (3) program performance and monitoring metrics are well designed and properly functioning, and (4) external reporting is accurate and timely. *Office of Audits*

UNITED STATES CUSTOMS AND BORDER PROTECTION

In Progress Project

Construction of Land Ports of Entry Funded by the *American Recovery and Reinvestment Act of 2009*

The *Recovery Act* includes \$420 million for the planning, management, design, alteration, and construction of CBP-owned land border ports of entry. CBP plans to use the funding for reconstruction of up to 23 of 43 existing CBP-owned land border ports of entry. Design and construction costs per project average \$15 million. CBP also plans to use approximately \$25 million for repairs and alterations to an additional 10 ports.

Objective: Determine whether (1) the selection, construction, and monitoring of ports provide for prudent and timely use of *Recovery Act* funds and (2) external reporting is accurate and timely. *Office of Audits*

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Appendix B Acronyms/Abbreviations

AD	Active Directory
ATD	Alternatives to Detention
ATS	Automated Target System
CBP	United States Customs and Border Protection
CFO	Chief Financial Officer
CIO	Chief Information Officer
COP	Common Operating Picture
COTR	contracting officer's technical representative
CNE	Office of Counternarcotics Enforcement
C-TPAT	Customs-Trade Partnership Against Terrorism
DHAP	Disaster Housing Assistance Program
DHS	Department of Homeland Security
DNI	Director National Intelligence
DOD	Department of Defense
DRO	Office of Detention and Removal
EAS	Emergency Alert System
EMO	Office of Emergency Management Oversight
EMOT	Emergency Management Oversight Team
EMWG	Emergency Management Working Group
ESF	Emergency Support Function
FAMS	Federal Air Marshal Service
FAST	Free and Secure Trade
FEMA	Federal Emergency Management Agency
FISMA	<i>Federal Information Security Management Act</i>
FLETC	Federal Law Enforcement Training Center
FPU	Fraud Prevention Unit
FSA	<i>Flores Settlement Agreement</i>
GAO	Government Accountability Office
ICE	Immigration and Customs Enforcement
ICOFR	Internal Control Over Financial Reporting
IPA	independent public accounting
ISA	Importer Self-Assessment
IT	information technology
IT-A	Office of Information Technology Audits
LAX	Los Angeles International Airport
MAGNET	Maritime Awareness Global Network
MSST	Maritime Safety and Security Team
MWEOC	Mount Weather Emergency Operations Center
NCSD	National Cyber Security Division
NFIP	National Flood Insurance Program

Appendix B Acronyms/Abbreviations (continued)

NSEERS	National Security Entrance-Exit Registration System
OIG	Office of Inspector General
OMB	Office of Management and Budget
ONDCP	Office of National Drug Control Policy
PA	public assistance
PSA	protective security advisor
QHSA	Quadrennial Homeland Security Review
SSA	Social Security Administration
SBI	Secure Border Initiative
S&T	Directorate for Science and Technology
SOP	standard operating procedure
TAC	technical assistance contract
TOPOFF	Top Officials Exercise
TSA	Transportation Security Administration
TSO	Transportation Security Officer
UASI	Urban Areas Security Initiative
US-CERT	United States Computer Emergency Readiness Team
USCG	United States Coast Guard
USCIS	United States Citizenship and Immigration Service
USSS	United States Secret Service
US-VISIT	U.S. Visitor and Immigrant Status Indicator Technology Program
WHTI	Western Hemisphere Travel Initiative



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