Department of Homeland Security

OFFICE OF INSPECTOR GENERAL

SEMIANNUAL REPORT TO THE CONGRESS

October 1, 2008 through March 31, 2009

Statistical Highlights of OIG Activities

October 1, 2008 through March 31, 2009

Dollar Impact	
Questioned Costs	$77,920,583
Funds Put to Better Use	$1,207,851
Management Agreement That Funds Be:	
Recovered	$50,512,331
Deobligated	$1,207,851
Funds Recovered (from audits and investigations)	$41,938,458
Fines, Restitutions, and Administrative Costs Savings	$17,461,254
Activities	
Management Reports Issued	48
Financial Assistance Grant Audit Reports	22
Single Audit Reports Processed	0
Investigative Reports Issued	413
Investigations Initiated	527
Investigations Closed	532
Open Investigations	1,783
Investigations Referred for Prosecution	92
Investigations Accepted for Prosecution	81
Investigations Declined for Prosecution	12
Arrests	139
Indictments	122
Convictions	105
Personnel Actions	18
Complaints Received (other than Hotline)	5,747
Hotline Complaints Received	4,127
Complaints Referred (to programs or other agencies)	3,893
Complaints Closed	9,353

Office of Inspector General

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

Homeland Security

April 30, 2009

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

Dear Madam Secretary:

I am pleased to present our semiannual report, which summarizes the activities and accomplishments of the Department of Homeland Security (DHS) Office of Inspector General for the 6-month period ended March 31, 2009.

During this reporting period, our office published 48 management reports and 22 financial assistance grant reports. DHS management concurred with 98% of recommendations contained in our management reports. As a result of these efforts, $77.9 million of questioned costs were identified, of which $34.5 million was determined to be unsupported. We recovered $41.9 million as a result of disallowed costs identified from previous audit reports and from investigative efforts. In addition, management agreed to deobligate $1.2 million in funds put to better use.

In the investigative area, we issued 413 investigative reports, initiated 527 investigations, and closed 532 investigations. Our investigations resulted in 139 arrests, 122 indictments, 105 convictions, and 18 personnel actions. Additionally, we reported $17.4 million in investigative fines and restitutions, administrative cost savings, and other recoveries.

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

Sincerely,

Richard L. Skinner
Inspector General

U.S. DEPARTMENT OF
HOMELAND SECURITY

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Working Relationship Principles for Agencies and Offices of Inspector General

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

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

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

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

Foster open communications at all levels. The agency will promptly respond to the OIG requests for information to facilitate OIG activities and acknowledge challenges that the OIG can help address. Surprises are to be avoided. With very limited exceptions, primarily related to investigations, the OIG should keep the agency advised of its work and its findings on a timely basis, and strive to provide information helpful to the agency at the earliest possible stage.

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

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

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

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

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

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

Executive Summary

This Semiannual Report to the Congress is issued pursuant to the provisions of Section 5 of the *Inspector General Act of 1978*, as amended, and covers the period from October 1, 2008 to March 31, 2009. The report is organized to reflect our organization and that of the Department of Homeland Security.

During this reporting period, we completed significant audit, inspection, and investigative work to promote the economy, efficiency, effectiveness, and integrity of the department's programs and operations. Specifically, we issued 48 management reports (Appendix 3), 22 financial assistance grant reports (Appendix 4), and 413 investigative reports. Our reports provide the department Secretary and Congress with an objective assessment of the issues, and at the same time provide specific recommendations to correct deficiencies and improve the economy, efficiency, and effectiveness of the respective program.

During this reporting period, our audits resulted in questioned costs of $ $77,920,583, of which $34,455,152 was not supported by documentation. We recovered $41,938,458 (Appendix 5) as a result of disallowed costs identified from previous audit reports and from investigative efforts. In addition, management agreed to deobligate $1,207,851 in disaster grant assistance which will result in funds put to better use. In the investigative area, we initiated 527 investigations, and closed 532 investigations. Our investigations resulted in 139 arrests, 122 indictments, 105 convictions, and 18 personnel actions. Additionally, we reported $17,461,254 in investigative fines and restitutions, administrative cost savings, and other recoveries.

We have a dual reporting responsibility both to Congress and to the department Secretary. During the reporting period, we continued our active engagement with Congress through extensive meetings, briefings, and dialogs. Members of Congress, their staff, and the department's authorizing and appropriations committees and subcommittees met on a range of issues relating to our work and that of the department. The Inspector General testified before the Subcommittee on Emergency Communications, Preparedness, and Response, Committee on Homeland Security, on the *Post-Katrina Emergency Management Reform Act of 2006 Implementation: An Examination of FEMA's Preparedness and Response Mission*, and conducted 27 briefings for various congressional committees during this period. OIG testimony may be accessed through our website at: **www.dhs.gov/xoig.**

Department of Homeland Security Profile

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

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

DHS is reorganized into the following directorates:

- Management
- National Protection and Programs
- Science and Technology

Other critical components of DHS include:

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

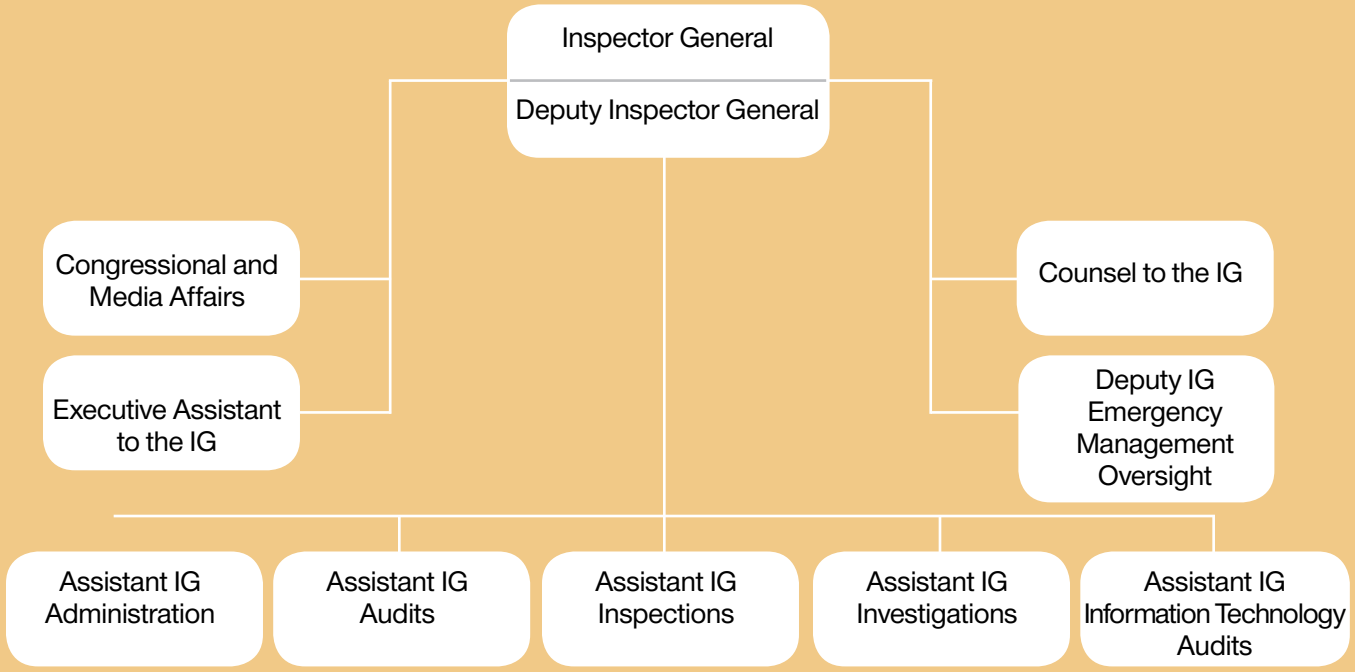
Office of Inspector General Profile

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

The Inspector General is appointed by the President, subject to confirmation by the Senate, and reports directly to the Secretary of DHS and to Congress. *The Inspector General Act* ensures the Inspector General's independence. This independence enhances our ability to prevent and detect fraud, waste, and abuse, as well as to provide objective and credible reports to the Secretary and Congress regarding the economy, efficiency, and effectiveness of DHS' programs and operations.

We were authorized 577 full-time employees (FTEs) during the reporting period. We consist of an Executive Office and eight functional components based in Washington, DC. We also have field offices throughout the country. Chart 1 illustrates the DHS OIG management team.

Chart 1: DHS OIG Organization Chart



The OIG consists of the following components:

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

The Office of Congressional and Media Affairs serves as primary liaison to members of Congress and their staffs, the White House and Executive Branch, the media, and to other federal agencies and governmental entities involved in securing the Nation. The office's staff responds to inquiries from the Congress, the White House, and the media; notifies Congress about OIG initiatives, policies, and programs; and informs other governmental entities about OIG measures that affect their operations and activities. It also provides advice to the Inspector General and supports OIG staff as they address congressional, White House, and media inquiries.

The Office of Counsel to the Inspector General provides legal advice to the Inspector General and other management officials; supports audits, inspections, and investigations by ensuring that applicable laws and regulations are followed; serves as the OIG's designated ethics office; manages the OIG's *Freedom of Information Act* and *Privacy Act* responsibilities; furnishes attorney services for the issuance and enforcement of OIG subpoenas; and provides legal advice on OIG operations.

The Office of Audits conducts and coordinates audits and program evaluations of the management and financial operations of DHS. Auditors examine the methods employed by agencies, bureaus, grantees, and contractors in carrying out essential programs or activities. Audits evaluate whether established goals and objectives are achieved and resources are used economically and efficiently; whether intended and realized results are consistent with laws, regulations, and good business practice; and determine whether financial accountability is achieved and the financial statements are not materially misstated.

The Office of Emergency Management Oversight is responsible for providing an aggressive and ongoing audit effort designed to ensure that disaster relief funds (DRF) are being spent appropriately, while identifying fraud, waste, and abuse as early as possible. The office is an independent and objective means of keeping the Congress, the Secretary of DHS, and other federal disaster relief agencies fully informed on problems and deficiencies relating to disaster operations and assistance programs, and progress regarding corrective actions. OIG focus is weighted heavily toward prevention, including reviewing internal controls, and monitoring and advising DHS and FEMA officials on contracts, grants, and purchase transactions before they are approved. This approach allows the office to stay current on all disaster relief operations and provide on-the-spot advice on internal controls and precedent-setting decisions.

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

The Office of Information Technology Audits conducts audits and evaluations of DHS' information management, cyber infrastructure, and systems integration activities. The office reviews the cost effectiveness of acquisitions, implementation, and management of major systems, and telecommunications networks across DHS. In addition, it evaluates the systems and related architectures of DHS to ensure they are effective, efficient, and implemented according to applicable policies, standards, and procedures. The office also assesses DHS' information security program as mandated by the *Federal Information Security Management Act* (FISMA). In addition, this office provides technical forensics assistance to OIG offices in support of OIG's fraud prevention and detection program.

The Office of Investigations conducts investigations into allegations of criminal, civil, and administrative misconduct involving DHS employees, contractors, grantees, and programs. These investigations can result in criminal prosecutions, fines, civil monetary penalties, administrative sanctions, and personnel actions. Additionally, the Office of Investigations provides oversight and monitors the investigative activity of DHS' various internal affairs offices.

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

SUMMARY OF SIGNIFICANT OIG ACTIVITY

DIRECTORATE FOR MANAGEMENT

MANAGEMENT REPORTS

Major Management Challenges Facing the Department of Homeland Security

As required by the *Reports Consolidation Act of 2000* (Public Law 106-531), we update our assessment of DHS' major management challenges annually. The challenges we have identified significantly affect the department's ability to protect our homeland and are decisive factors in setting priorities for audits, inspections, and evaluations of DHS programs and operations. In FY 2008, we identified the following major management challenges: acquisition management, financial management, information technology (IT) management, catastrophic disaster response and recovery, grants management, infrastructure protection, border security, transportation security, and trade operations and security. (OIG-09-08, November 2008, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-08_Nov08.pdf

Management Letter for the FY 2008 DHS Financial Statement Audit

As part of DHS' financial statement audit, KPMG, under contract with the DHS OIG, reviews DHS' internal control over financial reporting and compliance with certain provisions of laws and regulations. KPMG identified certain internal control and other operational matters that resulted in 70 Financial Management Comments. These comments and recommendations, which have been discussed with DHS management, are intended to improve internal control or result in other operating efficiencies. These comments are in addition to the significant deficiencies presented in our Independent Auditors' Report, dated November 14, 2008, included in the FY 2008 DHS Annual Financial Report. (OIG-09-46, March 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-46_Mar09.pdf

Independent Auditors' Report on DHS' FY 2008 Financial Statements

KPMG LLP, under contract with DHS OIG, conducted an audit of the Department of Homeland Security's balance sheets as of September 30, 2008 and 2007 and the related statements of custodial activity for the years then ended. KPMG was unable to express an opinion on the audits because DHS was unable to represent that certain financial statement balances were correct, and unable to provide sufficient evidence to support its financial statements. In connection with the audits, DHS' internal controls over financial reporting and compliance with certain provisions of laws and regulations were considered. As a result, the FY 2008 Independent Auditors' Report discusses six material weaknesses, three significant deficiencies in internal control, and eight instances of noncompliance with laws and regulations, as follows:

Significant Deficiencies That Are Considered To Be Material Weaknesses

A. Financial Reporting
B. Information Technology General and Application Controls
C. Fund Balance With Treasury
D. Capital Assets and Supplies
E. Actuarial and Other Liabilities
F. Budgetary Accounting

Other Significant Deficiencies

G. Entity Level Controls
H. Custodial Revenue and Drawback
I. Deferred Revenue

Non-compliance With Laws and Regulations

J. *Federal Managers' Financial Integrity Act of 1982*
K. *Federal Financial Management Improvement Act of 1996*
L. *Single Audit Act Amendments of 1996*, and Laws and Regulations Supporting Office of Management and Budget

Circular No. A-50, Audit Follow-up, as revised

M. *Improper Payments Information Act of 2002*
N. *Chief Financial Officers Act of 1990*

O. *Government Performance and Results Act of 1993*
P. *Debt Collection Improvement Act of 1996*
Q. *Anti-deficiency Act*

(OIG-09-09, November 2008, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-09_Nov08.pdf

FY 2008 Audit of DHS' Internal Control Over Financial Reporting
The report addresses the effectiveness of DHS' internal control over financial reporting as of September 30, 2008. The examination was performed during the course of DHS' FY 2008 financial statements audit in conjunction with the independent public accountant KPMG LLP.

During the FY 2008 DHS financial statements audit, KPMG identified the following material weaknesses in internal control:

- Financial Reporting
- Financial Systems General and Application Controls
- Fund Balance with Treasury
- Capital Assets and Supplies
- Actuarial and Other Liabilities
- Budgetary Accounting

Because of the effects of the material weaknesses mentioned above, in our opinion, DHS did not maintain effective internal controls as of September 30, 2008, and consequently, DHS' internal controls did not provide reasonable assurance that misstatements, losses, or noncompliance with laws and regulations that are material in relation to the financial statements or to stewardship information would be prevented or detected on a timely basis. (OIG-09-10, November 2008, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-10_Nov08.pdf

Independent Auditors' Report on U.S. Customs and Border Protection's FY 2008 Consolidated Financial Statements
KPMG LLP, under a contract with DHS OIG, audited the consolidated balance sheets of DHS' U.S. Customs and Border Protection (CBP) as of and for years then ended September 30, 2008, and 2007, and the related consolidated statements of net cost, changes in net position, and custodial activity, and the combined statements of budgetary resources for the years then ended. KPMG LLP concluded that CBP's consolidated financial statements, as of and for the years ended September 30, 2008, and 2007, are presented fairly, in all material respects, in conformity with the U.S. generally accepted accounting principles.

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

- Drawback of Duties, Taxes, and Fees
- Financial Reporting
- Property, Plant, and Equipment
- Inactive Obligations
- Entry Process
- In-Bond Program
- Compliance Measurement
- Bonded Warehouse and Foreign Trade Zones
- Information Technology

KPMG LLP considers the first significant deficiency above to be a material weakness. KPMG LLP noted no deficiencies involving the design of the internal control over the existence and completeness assertions related to key performance measures.
(OIG-09-14, January 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-14_Jan09.pdf

Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2008 Drug Control Obligations
KPMG LLP, under contract with DHS OIG issued an Independent Accountants' Report on the FY 2008 Drug Control Obligations for U.S Immigration and Customs Enforcement. ICE's management prepared the Table of Drug Control Obligations and related disclosures to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular *Drug Control Accounting* dated May 1, 2007. KPMG did not find any reason to believe that the Table of

Drug Control Obligations and related disclosures for the year ended September 30, 2008, were not presented in all material respects, in conformity with ONDCP's Circular, or that management's assertions were not fairly stated, in all material respects, based on the same criteria. KPMG LLP did not issue any recommendations as a result of this review.
(OIG-09-19, January 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-19_Jan09.pdf

Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2008 Drug Control Performance Summary Report
KPMG LLP, under contract with DHS OIG issued an Independent Accountants' Report on the FY 2008 Drug Control Performance Summary Report for U.S Immigration and Customs Enforcement (ICE). ICE's management prepared the Performance Summary Report and Management's Assertions to comply with the requirements of the ONDCP's Circular *Drug Control Accounting* dated May 1, 2007. KPMG LLP did not find any reason to believe that the Performance Summary Report for the year ended September 30, 2008, was not presented in all material respects, in conformity with ONDCP's Circular, or that management's assertions were not fairly stated, in all material respects, based on the criteria set forth in the Circular. KPMG did not issue any recommendations as a result of this review.
(OIG-09-20, January 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-20_Jan09.pdf

Independent Review of the U.S. Customs and Border Protection's Reporting of FY 2008 Drug Control Performance Summary Report
KPMG LLP, under contract with DHS OIG issued an Independent Accountants' Report on the FY 2008 Drug Control Performance Summary Report for U.S Customs and Border Protection. CBP management prepared the Performance Summary Report to comply with the requirements of the ONDCP Circular *Drug Control Accounting* dated May 1, 2007. KPMG LLP did not find any reason to believe that the Performance Summary Report for the year ended September 30, 2008, was not presented in all material respects, in conformity with ONDCP's Circular. However, CBP's management reported that they could not assert that the "methodology to establish performance targets is reasonable and applied." KPMG LLP was unable to complete its review of management's assertions on the Performance Summary Report and therefore the Independent Accountants' Report is limited to the Performance Summary only and not management's assertions.
(OIG-09-21, February 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-21_Feb09.pdf

Independent Review of the U.S. Coast Guard's Reporting of FY 2008 Drug Control Obligations
KPMG LLP, under contract with DHS OIG, was unable to issue an Independent Accountants' Report on the FY 2008 Drug Control Obligations for the U.S. Coast Guard (USCG). USCG's management prepared the Table of Drug Control Obligations and related disclosures to comply with the requirements of the ONDCP Circular *Drug Control Accounting* dated May 1, 2007. However, because USCG could not provide assurance over the financial data in the detailed accounting submissions, KPMG LLP could not provide the level of assurance required of the review.
(OIG-09-26, February 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-26_Feb09.pdf

Independent Review of the U.S. Coast Guard's Reporting of the FY 2008 Drug Control Performance Summary Report
KPMG LLP, under contract with DHS OIG issued an Independent Accountants' Report on the FY 2008 Drug Control Performance Summary Report for the U.S Coast Guard. USCG's management prepared the Performance Summary Report and management's assertions to comply with the requirements of the ONDCP Circular *Drug Control Accounting* dated May 1, 2007. KPMG did not find any reason to believe that the Performance Summary Report for the year ended September 30, 2008, was not presented in all material respects, in conformity with ONDCP's Circular, or that management's assertions were not

fairly stated, in all material respects, based on the criteria set forth in the Circular. KPMG LLP did not issue any recommendations as a result of this review. (OIG-09-27, February 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-27_Feb09.pdf

Independent Review of the Customs and Border Protection's Reporting of FY 2008 Drug Control Obligations
KPMG LLP, under contract with DHS OIG, issued an Independent Accountants' Report on the FY 2008 Drug Control Obligations for U.S Customs and Border Protection. CBP management prepared the Table of Drug Control Obligations Report and related disclosures to comply with the requirements of the ONDCP Circular *Drug Control Accounting* dated May 1, 2007. KPMG LLP did not find any reason to believe that the Table of Drug Control Obligations Report for the year ended September 30, 2008, was not presented in all material respects, in conformity with the ONDCP's Circular or that related disclosures were not fairly stated, in all material respects, based on the same criteria, however, CBP was unable to assert that obligations against a financial plan, if revised during the fiscal year, properly reflects those changes--including ONDCP's approval of reprogrammings or transfers affecting drug-related resources in excess of $1 million, as required by the ONDCP Circular. As a result, KPMG LLP was unable to complete its review of management's assertions. KPMG LLP did not issue any recommendations as a result of this review.
(OIG-09-28, February 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-28_Feb09.pdf

Management Letter for U.S. Customs and Border Protection's FY 2008 Consolidated Financial Statements
KPMG LLP, under contract with DHS OIG, audited the consolidated balance sheets of DHS' CBP as of September 30, 2008, and 2007, and the related consolidated statements of net cost, changes in net position, and custodial activity, and the combined statements of budgetary resources for the years then ended. KPMG LLP also looked at CBP's internal control over financial reporting and noted certain matters involving internal control and other operational matters, which resulted in a total of 13 financial management comments that did not reach the level of severity to be reported as significant deficiencies in the financial statement report titled, *Independent Auditors' Report on U.S. Customs and Border Protection's FY 2008 Consolidated Financial Statements.*
(OIG-09-40, March 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-40_Mar09.pdf

FEDERAL EMERGENCY MANAGEMENT AGENCY

MANAGEMENT REPORTS

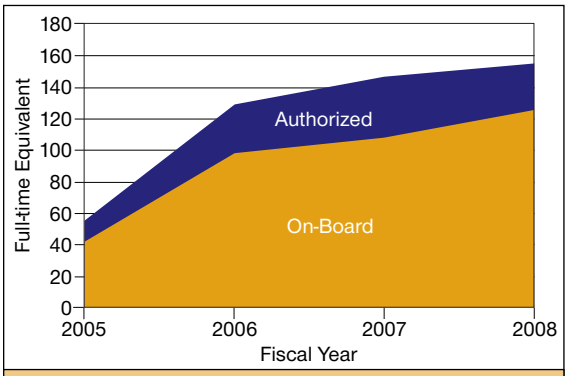
Federal Emergency Management Agency's Exit Strategy for Temporary Housing in the Gulf Coast Region
FEMA's strategy for ending its direct housing assistance program for Hurricanes Katrina and Rita is generally sound, and FEMA has made considerable progress recovering its temporary housing units, i.e., travel trailers, mobile homes and park models. However, FEMA's strategy is not complete because it has not been periodically reassessing resident eligibility for the direct housing assistance program or taking action to recover temporary housing units from ineligible residents. Unless FEMA begins this process, it will not recover all temporary housing units by March 1, 2009 which is the scheduled ending date of FEMA's direct housing assistance program.

Because of the unprecedented magnitude of Hurricanes Katrina and Rita, it is understandable that FEMA did not immediately begin reassessing resident eligibility. However, over 2 years have passed and the program is scheduled to end in less than a year.

We recommended that FEMA obtain permanent housing plans from each resident, including timelines for achieving permanent housing and perform periodic recertification visits to: 1) reestablish eligibility, 2) monitor progress in finding permanent housing, 3) identify unmet

needs, 4) obtain support for continued eligibility, and 5) communicate resident responsibility for finding permanent housing; implement policies and procedures for terminating residents from the direct housing assistance program that no longer qualify for the assistance, and evict uncooperative residents from temporary housing units. (OIG-09-02, October 2008, EMO)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-02_Oct08.pdf

Challenges Facing FEMA's Acquisition Workforce
Foxx & Company, under a contract with DHS OIG, determined that FEMA could better prepare its acquisition workforce for catastrophic disasters by: (1) having the necessary plans and policies in place, and (2) improving workforce management. As depicted in Figure 1, the FEMA acquisition function remains understaffed. Recommendations included the development and implementation of a strategic acquisition workforce plan and a staffing analysis to determine the number of disaster assistance employees needed for the contracting cadre. (OIG-09-11, November 2008, EMO)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-11_Nov08.pdf



FEMA Office of Acquisition Management Staff, Authorized and On-Board. Source: FEMA Office of Acquisition Management.

2007 Debris Removal Pilot Programs and Initiatives
FEMA demonstrated a commitment to the Public Assistance (PA) pilot program by developing guidance and implementing the program in June 2007, 8 months after the congressional mandate to do so. Although FEMA recognized the need to promote this voluntary program, its outreach efforts could have been more effective by ensuring that FEMA officials within the FEMA regions and at the Joint Field Offices were more knowledgeable of the program and provided a consistent and unified message to state and local governments. There was insufficient institutional knowledge to measure FEMA's success in accomplishing the goals laid out by Congress for the pilot program. However, ongoing and planned work will address PA pilot program execution and benefits available to states and local governments. (OIG-09-16, January 2009, EMO)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-16_Jan09.pdf

U.S. Immigration and Customs Enforcement's Management of 2005 Gulf Coast Hurricane Mission Assignment Funding
Regis & Associates, PC, under contract with DHS OIG, reviewed the ICE management processes and internal controls for implementing FEMA issued mission assignments related to the 2005 Gulf Coast hurricanes. Five areas were identified where ICE's management of mission assignments could be enhanced by: (1) improving better procurement and contract monitoring; (2) improving funds control processes, (3) ensuring completeness and availability of documentation supporting expenditures, (4) improving its management of accountable property, and (5) improving its mission assignment reimbursement billing process. The report identified questioned costs of $5.8 million of the $60.8 million ICE billed FEMA. This included $423,700 in unsupported or erroneous contractor billing costs, $527,565 in unsupported travel and transportation costs, and over $3.3 million in unsupported rent, supplies and miscellaneous expenditures. Recommendations included developing and implementing a system of internal controls to ensure all vendor invoices are properly reviewed prior to payment and that documentation supporting expenditures are collected and retained. (OIG-09-22, February 2009, EMO)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-22_Feb09.pdf

National Communications System's Management of 2005 Gulf Coast Hurricanes Mission Assignment Funding

Regis & Associates, PC, under contract with DHS OIG, reviewed the National Communications System's (NCS) management processes and internal controls for implementing FEMA issued mission assignments related to the 2005 Gulf Coast Hurricanes. Five areas were identified where NCS's management of mission assignments could be enhanced by: (1) improving preparedness for future responses, (2) improving disaster response procurement and contract monitoring processes, (3) improving oversight for accountable property, (4) improving its retention of documentation supporting reimbursable expenditures, and (5) improving its mission assignment reimbursement billing processes. The report identified questioned costs of $1.8 million of the $4.4 million that NCS billed FEMA. This included $824,600 for the cost of accountable property not returned to FEMA; $965,614 for unsupported contractual services; and, $12,680 for the overbilling of contractual administrative fees. Recommendations included developing procedures for administering the procurement, property accountability, and financial management responsibilities associated with receiving mission assignments from FEMA.
(OIG-09-23, February 2009, EMO)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-23_Feb09.pdf

FEMA: In or Out?

At the request of the Chairman and Ranking Member of the Senate Homeland Security and Governmental Affairs Committee, we prepared a white paper on important elements of the "FEMA In or Out" debate, presenting arguments on both sides of the debate over whether FEMA should remain a part of DHS or whether it should be pulled out and made a stand-alone agency. Those who would like to see FEMA removed from DHS call for three basic elements: independent agency status; including the FEMA Administrator in the President's Cabinet; and giving the FEMA Administrator a direct line to the President. Arguments for why FEMA should remain a part of DHS include: the Nation's current vulnerability to terrorism; the advisability of waiting for ongoing reviews to be completed before instituting major changes; the synergy and resources that FEMA gains from being part of DHS; the dangers of separating preparedness and response functions; the need to give DHS, a complex organization, time to develop; and the importance of recognizing that the success of an agency depends on leadership more than structure.
(OIG-09-25, February 2009, EMO)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-25_Feb09.pdf

FEMA's Implementation of Best Practices in the Acquisition Process

Urbach Kahn & Werlin LLP, under a contract with DHS OIG, audited the FEMA to determine the extent to which it has incorporated best practices into the acquisition process. The Office of Acquisition Management has begun to implement recognized best practices, but much remains to be accomplished. To help the Office of Acquisition Management become a "world-class organization," that office should prepare a strategic plan and outcome-based performance measures; improve the visibility of the acquisition function throughout the Agency; accelerate planned acquisition process improvements; and develop systems to give all acquisition staff access to lessons learned.
(OIG-09-31, February 2009, EMO)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-31_Feb09.pdf

Internal Controls in the FEMA Disaster Acquisition Process

Urbach Kahn & Werlin LLP, under a contract with DHS OIG, audited the FEMA's acquisition process to determine the extent to which internal controls have improved since the 2005 Gulf Coast hurricanes and to identify weaknesses that remain. FEMA has begun to implement important safeguards to protect assets and prevent and detect errors in the disaster acquisition process.

FEMA should: (1) establish an internal control board and assess the adequacy of its internal controls annually; (2) hold contracting officers accountable for their contract file maintenance responsibilities; (3) implement departmental policy requiring that contracting officers report to contracting professionals for technical performance elements; (4) hold contracting officer's technical representatives accountable for their delegated contract management tasks in performance evaluations; (5) determine what audit findings and recommendations the Office of Acquisition Management is responsible for and ensure that corrective action is taken; and (6) accelerate closing out contracts so that unused funds can be used to address future needs.
(OIG-09-32, February 2009, EMO)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-32_Feb09.pdf

U.S. Coast Guard's Management of 2005 Gulf Coast Hurricanes Mission Assignment Funding
Regis & Associates, PC, under contract with DHS OIG, reviewed the USCG's management processes and internal controls for implementing FEMA's issued mission assignments related to the 2005 Gulf Coast hurricanes. Six areas were identified where USCG's management of mission assignments could be enhanced by: (1) requiring documentation requirements for its interagency agreements, (2) implementing funds control processes, (3) improving its vendor payment authorization process, (4) developing and implementing accountable property policies and procedures at field locations, (5) providing FEMA complete documentation that supports reimbursable expenditures, and (6) improving its mission assignment reimbursement billing processes. The report identified questioned costs of $20.6 million of the $102.5 million that USCG billed FEMA. This included approximately $20.1 million in unsupported interagency agreement expenditures; $212,814 for accountable property not returned to FEMA; and, $190,910 for unsupported rent, supplies, and miscellaneous expenses. Recommendations included creating a reimbursement billing package preparation checklist and ensuring that all future interagency agreements require the performing agency to compile and provide supporting documentation consistent with FEMA requirements. (OIG-09-34, March 2009, EMO)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-34_Mar09.pdf

Midwest flooding.
Source: FEMA photo gallery.

FEMA's Implementations of the Flood Insurance Reform Act of 2004
FEMA has implemented key provisions of the *Flood Insurance Reform Act of 2004*, but provisions that apply actuarial flood insurance rates to certain river and coastal properties and expand the use of increased cost of compliance coverage have not been implemented. FEMA and its state and local partners have mitigated nearly 15,000 repetitive loss properties since 1978, but an average of 5,188 new repetitive loss properties have been added each year, outpacing FEMA mitigation efforts by a factor of 10 to 1. Many of the conditions we reported in 2002 regarding the challenges of mitigating repetitive loss properties remain today: (1) FEMA can only promote the notion of mitigation and cannot directly compel property owners in flood hazard areas to mitigate; (2) mitigation professionals need access to accurate information about repetitive loss properties to better manage the repetitive flood loss problem; and, (3) the need to impose actuarial rates on repetitive loss properties is vital to the financial independence of the National Flood Insurance Program. Our recommendations included applying actuarial insurance rates to properties on leased

federal land and implementing regulations to expand the use of increased cost of compliance coverage for all qualifying FEMA mitigation programs.
(OIG-09-45, March 2009, EMO)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-45_Mar09.pdf

Coast Guard HH-65 helicopter flies over Red River

FARGO, N.D. -- An HH-65 Dolphin helicopter, from Coast Guard Air Stations Traverse City, Michigan., flies over the Red River March 28, 2009, in response to the flooding. Another Dolphin helicopter, from Air Station New Orleans, accompanied them during the transit from Grand Forks to Fargo to stand by for rescue operations. Source: USCG photo/ Petty Officer 3rd Class Erik Swanson.

Improvements Needed in Federal Emergency Management Agency Monitoring of Grantees
Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, directed the OIG to review and evaluate the grant management and oversight practices of FEMA.

Improvements are needed in the FEMA's grant management and oversight infrastructure to ensure effective monitoring of grantees. Specifically, FEMA does not consistently and comprehensively execute its two major oversight activities, financial and program monitoring. This occurs because FEMA has not conducted the analyses and developed the plan of action required by Public Law 109-295 Title VI, the *Post-Katrina Emergency Management Reform Act of 2006*, as part of its strategic human capital plan. In addition, financial and programmatic monitoring policies, procedures, and plans are not comprehensive.

We also identified FEMA support contractors that are performing inherently governmental functions while carrying out duties associated with the oversight of the Staffing for Adequate Fire and Emergency Response Program. As a result, FEMA does not have adequate assurance that federal grant funds are being used effectively and appropriately. We made recommendations to the Administrator of FEMA to improve its grants management and oversight infrastructure as well as address the actions of support contractors performing inherently governmental functions.
(OIG-09-38, March 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-38_Mar09.pdf

Information Technology Management Letter for the FEMA Component FY 2008 Financial Statement Audit (Redacted)
We contracted the independent public accounting firm KPMG to perform the audit of FEMA's Consolidated Balance Sheet and related statements as of September 30, 2008 and 2007. As part of this review KPMG noted certain matters involving internal control and other operational matters with respect to information technology and have documented their comments and recommendation in the Information Technology Management Letter. The overall objective of our audit was to evaluate the effectiveness of information technology (IT) general controls of FEMA's financial processing environment and related IT infrastructure. KPMG noted that FEMA took corrective action to address many prior years IT control weaknesses. However, during FY 2008, KPMG continued to find IT general control weaknesses at FEMA. The most significant weaknesses from a financial statement audit perspective related to access controls, and service continuity. Collectively, the IT control weaknesses limit FEMA's ability to ensure that critical financial and operational data is maintained in such a manner to ensure confidentiality, integrity, and availability. In addition, these weaknesses negatively impact the internal controls over FEMA's financial reporting and its operation,

and KPMG considers them to collectively represent a material weakness under standards established by the American Institute of Certified Public Accountants.
(OIG-09-48, March 2009, IT-A)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIGr_09-48_Mar09.pdf

Disaster Assistance Grants

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended, governs disasters declared by the President of the United States. Title 44 of the Code of Federal Regulations provides further guidance and requirements for administering disaster assistance grants awarded by FEMA. We review grants to ensure that grantees or subgrantees account for and expend FEMA funds according to federal regulations and FEMA guidelines.

We issued 22 financial assistance grant reports during the period. Of those reports, 16 disclosed questioned costs totaling $47,699,568 of which $5,284,231 was unsupported. A list of these reports, including questioned costs and unsupported costs, is provided in Appendix 4.

Hurricanes Ivan, Dennis, and Katrina Activities for Baldwin County, Alabama FEMA Disaster Nos. 1549, 1593, and 1605-DR-AL
Baldwin County, Alabama, received an award of $41.3 million from the Alabama Emergency Management Agency, a FEMA grantee, for emergency protective measures, debris removal activities, and repair of buildings and roads damaged as a result of Hurricanes Ivan, Dennis, and Katrina. We reviewed $39.6 million of costs claimed under 23 large projects and 3 small projects. The county's claims under the projects included $10.5 million of questioned costs resulting from excessive and duplicate charges, and costs covered by insurance. We recommended that the Regional Administrator, FEMA Region IV, in coordination with the grantee, disallow the $10.5 million of questioned costs.
(DA-09-03, December 2008, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DA-09-03_Dec08.pdf

Hurricane Katrina Activities for Jasper County, Mississippi FEMA Disaster Number 1604-DR-MS
Jasper County, Mississippi, received an award of $6.5 million from the Mississippi Emergency Management Agency, a FEMA grantee, for debris removal, emergency protective measures, and repair of roads, buildings, and equipment damaged as a result of Hurricane Katrina. We reviewed $5.8 million of costs awarded under six large debris removal projects. The County did not separately account for large project expenditures on a project-by-project basis as required by federal regulations. We also reported $512,843 of questioned costs resulting from ineligible debris removal charges. We recommended that the Acting Director, Mississippi Transitional Recovery Office, in coordination with the grantee, (1) disallow the questioned costs, and (2) inform the county that it must establish and maintain separate accountability for expenditures under each large project as required by federal regulations.
(DA-09-05, December 2008, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DA-09-05_Dec08.pdf

Hurricane Wilma Activities for City of Boca Raton, Florida FEMA Disaster Number 1609-DR-FL
The City of Boca Raton, Florida, received an award of $28.1 million from the Florida Department of Community Affairs, a FEMA grantee, for emergency protective measures and debris removal activities resulting from Hurricane Wilma. We reviewed costs totaling $21.8 million incurred under 12 large projects. The city accounted for project expenditures on a project-by-project basis as required by federal regulations. However, costs of $5.6 million were questioned due to excessive contract charges, ineligible labor and equipment charges, and ineligible project costs. We recommended that the Director of the Florida Recovery Office, in conjunction with the grantee (1) disallow the $5.6 million of questioned costs, and (2) instruct the city to comply with federal procurement regulations and FEMA guidelines when awarding contracts for FEMA-funded activities.
(DA-09-06, December 2008, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DA-09-06_Dec08.pdf

Mississippi Gulf Coast Regional Wastewater Authority FEMA Disaster Number 1604-DR-MS
The Mississippi Gulf Coast Regional Wastewater Authority received an award of $20.1 million from the Mississippi Emergency Management Agency, a FEMA grantee, for emergency protective measures and repair/replacement of buildings, equipment, and utilities damaged as a result of Hurricane Katrina. We reviewed $10.5 million of costs incurred under nine large projects. The Authority's grant accounting system did not provide a means to readily trace project expenditures to supporting documentation, and the Authority did not comply with federal procurement regulations when contracting for $9.9 million in repairs to its wastewater treatment plants. In addition, costs totaling $193,116 were questioned, resulting from unremitted interest earned on FEMA advances and unremitted proceeds from the disposal of assets purchased with FEMA funds. We recommended that the Acting Director, Mississippi Transitional Recovery Office, in coordination with the grantee, (1) require the Authority to organize supporting documentation that facilitates the tracing of project transactions within its accounting system as required by federal regulation, (2) perform a technical review and validation of the $9.9 million of costs claimed to determine cost reasonableness and eligibility, (3) require the Authority to remit the $16,000 of proceeds received from the sale of travel trailers, and (4) require the Authority to remit the $177,116 of interest earned on FEMA advances.
(DA-09-07, December 2008, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DA-09-07_Dec08.pdf

Hurricane Katrina Activities for the Catholic Diocese of Biloxi, Mississippi FEMA Disaster No. 1604-DR-MS
The Catholic Diocese of Biloxi, Mississippi, received an award of $39.7 million from the Mississippi Emergency Management Agency, a FEMA grantee, for debris removal, emergency protective measures, and repair and replacement of school buildings and educational equipment damaged as a result of Hurricane Katrina. We limited review to $19.3 million awarded under 9 large projects. The Diocese accounted for FEMA funds on a project-by-project basis according to federal regulations for large projects. However, FEMA funding totaling $1.2 million should be deobligated because the Diocese received funding from another federal agency to cover the work. Additional costs of $88,000 were questioned due to unremitted interest earned on FEMA advances, charges covered by insurance, and unauthorized project costs. We recommended that the Acting Director, Mississippi Transitional Recovery Office, in coordination with the grantee, (1) deobligate funding of $1,207,851 on projects whose activities were funded by other government agencies, (2) inform the Diocese that school contents are not eligible for FEMA reimbursement if U.S. Department of Education funds are used to replace the items, (3) disallow the questioned costs of $33,600 applicable to extended warranty costs, and (4) inform the Diocese to comply with proper procurement procedures when awarding contracts under the FEMA award.
(DA-09-08, January 2009, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DA-09-08_Jan09.pdf

Hurricane Ivan Activities for the City of Gulf Shores, Alabama FEMA Disaster No. 1549-DR-AL
The City of Gulf Shores, Alabama, received an award of $27.6 million from the Alabama Emergency Management Agency, a FEMA grantee, for debris removal, emergency protective measures, repair of roads and buildings, and restoration of a beach damaged as a result of Hurricane Ivan. We reviewed $26.8 million of costs claimed under 23 large projects. The city accounted for project expenditures on a project-by-project basis as required by federal regulations, but did not comply with federal contracting procedures when awarding debris removal contracts totaling $14 million. The city's claim included $9.7 million of questioned costs resulting from ineligible, excessive, and duplicate project charges, and $65,526 of unremitted interest earned on FEMA advances. We recommended that the Regional Administrator, FEMA Region IV, in coordination with the grantee, (1) disallow the $9.7 million of questioned costs, (2) instruct the city to remit the

$65,526 of interest earned on FEMA advances, and (3) instruct the city to comply with all federal procurement regulations and FEMA guidelines when awarding contracts for FEMA-funded activities.
(DA-09-10, February 2009, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DA-09-10_Feb09.pdf

Hurricane Katrina Activities for Pearl River Valley Electric Power Association FEMA Disaster No. 1604-DR-MS

As of January 14, 2008, the Pearl River Valley Electric Power Association received an award of $49.4 million from the Mississippi Emergency Management Agency (MEMA), a FEMA grantee, for debris removal, emergency protective measures, and repair of power distribution infrastructure. We reviewed $15.7 million of costs awarded under three large projects. The Association did not account for project expenditures on a project-by-project basis as required by federal regulation, and did not always comply with federal procurement procedures when purchasing services and materials under the FEMA award. Questioned costs totaling $386,022 resulted from ineligible force account labor charges, equipment charges, and unapplied credits. We recommended that the Acting Director, Mississippi Transitional Recovery Offices in coordination with MEMA, (1) disallow the questioned costs of $386,022, (2) instruct the Association to comply with federal procurement regulations when acquiring goods and services under the FEMA award, and (3) instruct the Association to adopt a comprehensive code of conduct for employees engaged in the award and administration of contracts.
(DA-09-12, March 2009, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DA-09-12_Mar09.pdf

Hurricane Wilma Activities for the City of Hollywood, Florida FEMA Disaster Number 1609-DR-FL

The City of Hollywood, Florida, received an award of $25.3 million from the Florida Department of Community Affairs, a FEMA grantee, for emergency protective measures and debris removal activities resulting from Hurricane Wilma. We reviewed costs totaling $20.9 million incurred under three large projects. The city accounted for project expenditures on a project-by-project basis as required by federal regulations, and complied with federal procurement standards when contracting for debris removal activities. Costs totaling $4.9 million were questioned due to unsupported and excessive debris removal charges, costs covered by another federal agency, and excessive equipment charges. We recommended that the Director of the Florida Recovery Office, in conjunction with the grantee disallow the $4.9 million of questioned costs.
(DA- 09-13, March 2009, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DA-09-13_Mar09.pdf

Louisiana Department of Agriculture and Forestry

The Office of Inspector General (OIG) audited public assistance funds awarded to the Louisiana Department of Agriculture and Forestry (LDAF), Baton Rouge, Louisiana. Our audit objective was to determine whether LDAF accounted for and expended FEMA funds according to federal regulations and FEMA guidelines. LDAF received an award of $10.98 million from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), a FEMA grantee, for emergency fuel and fuel-related purchases following Hurricanes Katrina and Rita. LDAF received $7.87 million for fuel provided to various users including federal, state and local government agencies, $2.45 million was for costs associated with providing the fuel, including delivery charges and equipment rentals, and $.066 million was unspent. We could not determine the eligibility of most of the $10.32 million LDAF spent on fuel and associated costs as documentation supporting the use was either incomplete or not maintained by LDAF. We questioned the entire amount and recommended that FEMA disallow $858,338 as ineligible and disallow the remaining $9,462,763 as unsupported. During our audit, LDAF returned the $0.66 million in

unspent funds plus accrued interest to GOHSEP. (DD-09-01, November 2008, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DD-09-01_Nov08.pdf

Hurricane Katrina Debris Removal Activities in East Baton Rouge Parish, Louisiana
We contracted with the independent public accounting firm Foxx & Company to perform this review. The audit objective was to determine whether the contracts, contractor billings, and East Baton Rouge Parish's (Parish) force account costs complied with applicable federal criteria. The scope of the audit included all debris removal and monitoring activities managed by the Parish during the period August 29, 2005, through December 31, 2007.

In the wake of Hurricane Katrina, the Parish successfully removed large volumes of debris. The removal of debris helped to restore public health and safety and ensured economic recovery throughout the Parish. However, reportable conditions resulted in questioned costs of $756,869.

Recommendations to the Director, FEMA Louisiana Transitional Recovery Office, included: (1) disallowing the ineligible cost of $423,632 claimed by the Parish and reimbursed in excess of the Project Worksheet amount, (2) disallowing $166,117 claimed for vehicles with estimated cubic yards in excess of 95%, (3) disallowing $146,724 claimed for the use of incorrect rates for force account equipment, (4) disallowing $10,645 claimed for the use of ineligible and unsupported force account equipment, (5) requiring (GOHSEP) to inform the Parish to maintain adequate records to support equipment charges, (6) disallowing $9,749 claimed for unsupported force account labor costs, (7) requiring GOHSEP to inform the Parish to maintain adequate support for all force account labor, and (8) requiring GOHSEP to provide the Parish with a list of eligible uses of administrative funds and guidance on what type of records to maintain and ensure that all administrative costs are supported at closeout.
(DD-09-02, December 2008, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DD-09-02_Dec08.pdf

Hurricane Katrina Debris Removal Activities in Plaquemines Parish, Louisiana
We contracted with the independent public accounting firm Foxx & Company to perform this review. The audit objective was to determine whether the contracts, contractor billings, and Plaquemines Parish's (Parish) force account costs complied with applicable federal criteria. The scope of the audit included all debris removal and monitoring activities managed by the Parish during the period August 29, 2005, through December 31, 2007.

In the wake of Hurricane Katrina, the Parish successfully removed large volumes of debris. The removal of debris helped to restore public health and safety and ensured economic recovery throughout the Parish. However, reportable conditions resulted in questioned costs of $133,253.

Recommendations to the Director, FEMA Louisiana Transitional Recovery Office, included: (1) disallowing ineligible cost-plus-percentage of costs of $126,342, (2) requiring the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) to advise the Parish not to use cost-plus-percentage-of costs clauses in future contracts, (3) requiring GOHSEP to direct the Parish to comply with federal procurement regulations concerning competitive bids and written contracts for Katrina and future disasters, (4) directing GOHSEP to develop a methodology for estimating the amount of debris removed from the 245 commercial properties demolished without FEMA's prior approval, and require the Parish to obtain required FEMA approvals in future disaster for commercial property demolitions, (5) disallowing the costs claimed by the Parish for the estimated amount of debris removed from the 245 commercial properties demolished without FEMA's prior approval, and (6) disallowing the $6,911 of unallowable labor costs and unsupported equipment costs.
(DD-09-03, December 2008, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DD-09-03_Dec08.pdf

Hurricane Katrina Debris Removal Activities in the City of Kenner, Louisiana

We contracted with the independent public accounting firm Foxx & Company to perform this review. The audit objective was to determine whether the contracts, contractor billings, and the City of Kenner force account costs complied with applicable federal criteria. The scope of the audit included all debris removal and monitoring activities managed by the City during the period August 29, 2005, through December 31, 2007.

In the wake of Hurricane Katrina, the City of Kenner successfully removed large volumes of debris. The removal of debris helped to restore public health and safety and ensured economic recovery throughout the City. However, reportable conditions resulted in questioned costs of $5,466,587.

Recommendations to the Director, FEMA Louisiana Transitional Recovery Office, included: (1) requiring GOHSEP to ensure that the City completes the implementation of the new system that complies with the federal requirement to track receipt and expenditure of grants funds on a project-by-project basis, (2) requiring GOHSEP to inform City officials that any modifications to contracts that significantly change the type or magnitude of work on future FEMA projects must provide for full and open competition, (3) disallowing the $486,463 claimed for trucks that hauled volumes of debris above acceptable FEMA levels, (4) disallowing the $4,977,574 claimed for debris hauled by trucks that were not certified, (5) disallowing $2,550 claimed for six catch basins overpaid, (6) requiring GOHSEP to provide the City with a list of eligible uses of administrative allowance funds and guidance on what type of records must be maintained to account for the use of administrative allowance funds to support costs at closeout, and ensuring that the administrative allowance funds are fully supported at close out. (DD-09-04, January 2009, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DD-09-04_Jan09.pdf

Central Electric Cooperative, Inc.

We audited FEMA, PA funds awarded to Central Electric Cooperative, Inc. (CECI) in Mitchell, South Dakota. CECI received an award of $5.91 million from the South Dakota Office of Emergency Management (SDOEM), a FEMA grantee, for damages caused by a severe winter ice storm that occurred on November 27, 2005. The audit objective was to determine whether CECI expended and accounted for grant funds according to federal regulations and FEMA guidelines.

CECI accounted for FEMA funds on a project-by-project basis according to federal regulations. However, CECI officials did not follow federal procurement standards in awarding and administering $2.15 million in contracts for disaster-related work and did not adequately support expenses totaling $191,528 claimed for contract expenses. Finally, SDOEM overpaid CECI $723,074. CECI returned the overpayment to SDOEM.

We recommended that FEMA disallow $191,528 ($143,646 FEMA share) of unsupported costs. (DD-09-07, March 2009, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DD-09-07_Mar09.pdf

Aerial view of the Red River, Fargo, North Dakota.

East Bay Regional Park District, Oakland, California

The East Bay Regional Park District received a $3.1 million public assistance subgrant award from the California Emergency Management Agency (Cal EMA), a FEMA grantee, for debris removal,

emergency protective measures, and repairs to facilities damaged as a result of a severe winter storm and flooding occurring in December 2005. We reported that for three projects not yet started, the District developed scopes or work, with budget estimates exceeding FEMA's approved amount by over $1 million, that when completed would not be eligible for federal reimbursement. We recommended that the Acting Regional Administrator, FEMA Region IX, in coordination with Cal EMA: (1) inform the District of its regulatory requirement to obtain prior written approval for scope and budget revisions, (2) disallow $851,096 in scope and budget increases beyond FEMA's approved amount if the additional work will not restore damaged facilities to their pre-disaster condition and if the ineligible costs are claimed by the District; and (3) disallow $158,410 in proposed PA funded hazard mitigation work if claimed by the District since the proposed work does not relate to a damaged District facility or mitigate future damage.
(DS-09-02, March 2009, EMO)
http://www.dhs.gov/xoig/assets/auditrpts/OIG_DS-09-02_Mar09.pdf

STATE HOMELAND SECURITY GRANTS

Letter Report: Maryland State Police Use of DHS Grants
We examined FEMA preparedness grants awarded to the Maryland State Police from FYs 2003 to 2005 to determine whether the expenditures complied with required grant provisions. During the several months preceding our review, there was general concern that the Maryland State Police might have inappropriately used DHS grant funds to conduct specific surveillance operations. As a result, the Secretary of Homeland Security requested that the Office of Inspector General review grant awards to the Maryland State Police to determine whether grant funds were used appropriately.

The surveillance in question was funded from FYs 2003 through 2005. We examined all grant expenditures for this period made by the Maryland State Police under FEMA preparedness grants, which the Maryland State Police used to purchase equipment and services allowed under FEMA grant guidelines. The Maryland State Police did not use DHS State Homeland Security Grant funds to conduct surveillance between FYs 2005 and 2006. The Maryland State Police complied with limitations and requirements in the use of FEMA preparedness grant awards for FYs 2003 through 2005.
(OIG-09-04, October 2008, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-04_Oct08.pdf

The State of Illinois' Management of State Homeland Security Grants Awarded During Fiscal Years 2004 through 2006
The State of Illinois received approximately $266.6 million in Homeland Security Grants awarded during FYs 2004 through 2006. Foxx and Company, under contract with the Office of Inspector General, conducted an audit of the DHS State Homeland Security Grants to determine whether the State of Illinois, (1) effectively and efficiently implemented the state homeland security grants programs, (2) achieved the goals of the programs, and (3) spent funds in accordance with grant requirements.

Overall, the State of Illinois did an efficient and effective job of administering the program requirements, distributing grant funds, and ensuring that all available funds were used. The State used reasonable methodologies for assessing threats, vulnerabilities, capabilities, and prioritized needs. The State monitored performance, measured preparedness improvements, and complied with cash management and status reporting requirements. Also, the State generally spent the grant funds in accordance with grant requirements and State-established priorities. However, improvements were needed in specific areas to strengthen equipment and property accountability, better support reimbursement requests, and enhance tracking of limited-life inventory items. Further, consistent use of management practices introduced by subgrantees could improve readiness.

Our five recommendations call for the FEMA to initiate improvements to strengthen management controls and enhance readiness. The report also identifies some potential best practices that could

be shared with other states and territories.
(OIG-09-06, October 2008, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-06_Oct08.pdf

Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs
Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires the OIG to audit individual states' management of State Homeland Security Program and Urban Areas Security Initiatives grants and annually submit to Congress a report summarizing the results of these audits. This report summarizes audits of 10 states and one urban area completed in FY 2008.

Overall, the states did an efficient and effective job of administering the grant management program requirements, distributing grant funds, and ensuring that all of the available funds were used. However, individual audit reports identified areas for improvement, including financial reporting, questioned costs, monitoring and oversight, procurement practices, measurable program goals and objectives, needs assessments, and personal property controls.

In the 11 reports summarized in this report, we made 88 recommendations for improvements and identified best practices for possible use by other states. FEMA concurred with 81 of the 88 recommendations, and subsequent explanations and actions have satisfied the intent of 2 of the nonconcurrences. FEMA has been asked to reconsider its position on the remaining 5 nonconcurrences. Seven recommendations have been closed; actions by FEMA and the states are underway to implement the remaining recommendations.
(OIG-09-17, January 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-17_Jan09.pdf

The State of California's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2004 through 2006
The State of California received approximately $690 million in Homeland Security Grants awarded by FEMA during Fiscal Years 2004 through 2006. Of these funds, about $265 million were for State Homeland Security Program grants, one of six grant activities within the Homeland Security Grant Program. Foxx and Company, under a contract with the Office of Inspector General, conducted an audit of the State Homeland Security Program grants to determine whether the State of California, (1) effectively and efficiently implemented the state homeland security grants programs, (2) achieved the goals of the programs, and (3) spent funds in accordance with grant requirements.Overall, the State of California did an efficient and effective job of administering the program requirements, distributing grant funds, and ensuring that all available funds were used. The State used reasonable methodologies for assessing threat, vulnerability, capability, and prioritized needs, and appropriately allocated funding. The State complied with cash management and status reporting requirements, and generally spent the grant funds in accordance with grant requirements and State-established priorities. However, improvements were needed in California's management of State Homeland Security Program grants to: strengthen grant fund reallocations, better measure first responder preparedness, increase subgrantee oversight, strengthen funds management controls, ensure compliance with federal purchasing requirements including full and fair competition, and utilize grant-funded equipment or return the funds. We identified a best practice that should be considered for sharing with other states. Our recommendations call for FEMA to require the State make appropriate improvements in managing homeland security grants.
(OIG-09-33, February 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-33_Feb09.pdf

INVESTIGATIONS

$97,000 in Restitution in FEMA Fraud Investigation

We conducted an investigation where an individual pleaded guilty to mail fraud and aggravated identification theft in regard to a dozen fraudulent FEMA claims for disaster assistance funds in connection to hurricanes Katrina, Rita and Ike. She was ordered to pay restitution of $97,000, which included her fraudulent claims and a legitimate claim that she initially made.

Guilty Plea in Fraudulent Application for FEMA Benefits

We investigated an individual from Louisiana, who pleaded guilty to one count of an indictment charging her with mail fraud. The individual filled out a fraudulent application for FEMA benefits which she obtained after Hurricane Katrina. She later created and submitted fraudulent documents to FEMA in an effort to conceal her fraud. This case was jointly investigated with the U.S. Postal Inspection Service.

Guilty Plea to Katrina Fraud

We investigated a resident of Louisiana, who pleaded guilty to one count of an indictment charging her with mail fraud after she filed a fraudulent application for FEMA benefits after Hurricane Katrina. This case was jointly investigated with the U.S. Postal Inspection Service.

Maryland Woman Pleads Guilty to Disaster Benefit Fraud

We investigated a Maryland resident who pleaded guilty to theft of $60,200 in Hurricane Katrina disaster relief benefits. According to the plea agreement, the subject was not in residence in New Orleans during Hurricane Katrina, but claimed she was. She obtained approximately $30,200 in fraudulent FEMA disaster relief and $30,000 in fraudulent funds from the Department of Housing and Urban Development. She faces a possible maximum sentence of 10 years in prison, followed by three years of supervised release.

Former FEMA Call Center Employee Pleads Guilty to Conspiracy in the Theft of Disaster Benefits

We investigated a FEMA employee, who pleaded guilty in the U.S. District Court to conspiracy to commit an offense against the U.S. government. The subject, who was employed at a FEMA call center following Hurricane Katrina, conspired with accomplices to steal $96,000 in disaster benefits. Two co-conspirators have already pleaded guilty. The investigation was conducted jointly with the United States Secret Service (USSS).

Disaster Benefit Applicant Found Guilty in Defrauding FEMA of $14,749

We investigated an allegation of a Disaster Benefit Applicant (DBA) who applied for and received FEMA Disaster Relief Funds for which the person was not entitled. The investigation revealed that this individual received $14,749 in disaster relief funds when the person did not reside in Louisiana during Hurricane Katrina. The DBA was arrested and charged with three counts of theft of government property and one count of false statements. On March 12, 2009, the DBA was found guilty in Federal court on all criminal counts. The case was worked jointly with the Federal Bureau of Investigation (FBI).

Disaster Benefit Applicants Plead Guilty To Theft.

We conducted investigations of three Disaster Benefit Applicants (DBA's) who filed fraudulent applications for FEMA assistance claiming to have suffered losses as a result of Hurricane Katrina. Each subject was charged with theft of government property. The DBAs were issued $6,488.00, $14,749.51, and $2,000 in FEMA funds, respectively. Each DBA pleaded guilty and was ordered to pay restitution. One DBA was additionally sentenced to 18 months incarceration and 3 years of supervised release. These cases were worked jointly with the FBI.

guilty to one count of theft of public money for filing a fraudulent FEMA disaster assistance claim after Hurricane Katrina. During her plea, she admitted that she fraudulently obtained assistance after claiming the residence of a relative as her own.

Former FEMA Employee Pleads Guilty to Filing False Travel Claims

We investigated a FEMA employee who subsequently pleaded guilty in U.S. District Court, to one count of false claims for filing over $15,000 in false travel vouchers. During the investigation, the woman admitted to falsifying documents and utilizing a relative's address to state she lived over 50 miles from her workplace, which qualified her to receive FEMA travel funds. The woman actually lived approximately 15 miles from her workplace. The woman additionally admitted participating in a fraudulent scheme against the Department of Housing and Urban Development (HUD) and lying to HUD to receive benefits.

OFFICE FOR CIVIL RIGHTS AND CIVIL LIBERTIES

We received 45 Civil Rights & Civil Liberties (CR&CL) complaints from October 1, 2008 through March 31, 2009. Of those, we opened one investigation, and referred 41 complaints to CR&CL, and three complaints are currently under review for disposition.

OFFICE OF INTELLIGENCE AND ANALYSIS

MANAGEMENT REPORTS

DHS' Role in State and Local Fusion Centers Is Evolving

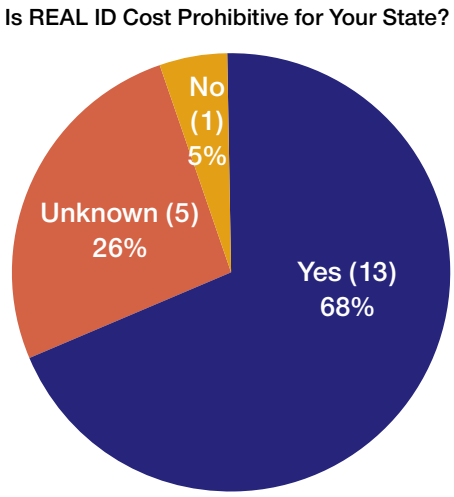
At the request of Congressman Bennie Thompson, Chairman of the House Committee on Homeland Security, we assessed whether DHS is providing adequate oversight and guidance for fusion centers, and what problems and challenges are being encountered as fusion centers develop. DHS' Office of Intelligence and Analysis (I&A) coordination efforts with fusion centers are improving and evolving, and its intelligence officers assigned to fusion centers have added value. However, challenges remain with internal DHS coordination, aligning fusion center activities and funding with the department's mission, and deploying personnel to state and local fusion centers in a timely manner. We made seven recommendations to assist I&A in improving the overall effectiveness of DHS' fusion center program. Specifically, I&A needs to improve responses to Requests for Information, expand analytical training courses, increase DHS support to state and local fusion centers, and develop measurable performance standards. In response to our report, I&A has proposed plans and taken action that, once fully implemented, will reduce a number of the deficiencies we identified.
(OIG-09-12, December 2008, ISP)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-12_Dec08.pdf

OFFICE OF POLICY

MANAGEMENT REPORTS

Potentially High Costs and Insufficient Grant funds Pose a Challenge to REAL ID Implementation

We reviewed DHS' REAL ID program to assess the financial impact on 19 states' ability to comply with the law and determine whether grants sufficiently mitigated states' cost concerns. In 2005, Congress passed the *REAL ID Act* to strengthen the security of state-issued driver's licenses and identification cards in response to the use of fraudulent identification documents by the individuals responsible for the September 11, 2001 terrorist attacks. State officials from 13 of the 19 states we contacted considered REAL ID implementation costs prohibitive because of requirements, such as the reenrollment of all current card holders and the new verification processes. State officials also said that REAL ID grants did not sufficiently mitigate cost concerns. Further, officials in 17 of the 19 states indicated that they needed more timely guidance from DHS to estimate the full cost of implementing REAL ID and better establish communication of grant information.



We recommended that the Assistant Secretary for Policy: (1) ensure stakeholders help develop and disseminate necessary guidance related to the REAL ID implementation; and (2) establish a communications plan to ensure that stakeholders receive necessary REAL ID program and grant guidance.
(OIG-09-36, March 2009, IT-A)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-36_Mar09.pdf

TRANSPORTATION SECURITY ADMINISTRATION

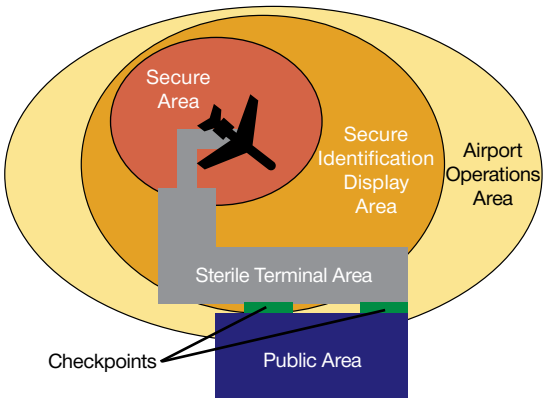
MANAGEMENT REPORTS

TSA's Security Screening Procedures for Employees at Orlando International Airport and the Feasibility of 100 Percent Employee Screening (Revised for Public Disclosure)

On March 5, 2007, two Comair Airline employees from the Orlando International Airport in Florida successfully smuggled 14 firearms and 8 pounds of marijuana aboard a Delta Airlines flight bound for Luis Munoz Marin International Airport in San Juan, Puerto Rico.

Full inventory of Munoz's black duffel bag on board flight #933

At the request of Congressman Bennie Thompson, Chairman of the House Committee on Homeland Security, and Congressman Ric Keller, we initiated a review of the Transportation Security Administration's (TSA) security screening procedures for employees at the Orlando International Airport as well as other selected airports. We determined that TSA has made improvements to address vulnerabilities associated with the "insider threat" highlighted by the March 2007 incident, but that additional changes are needed.



Airport Operations Area Security Distinctions.

We made six recommendations to assist TSA in improving the overall security posture at airports. Specifically, TSA needs improvements in its ability to obtain and maintain situational awareness of incidents, as well as to update the regulatory

framework that governs airport employee conduct. These changes are necessary before a decision is made whether to implement 100% employee screening.
(OIG-09-05, October 2008, ISP).
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-05_Oct08.pdf

Effectiveness of TSA's Surface Transportation Security Inspectors
The Implementing Recommendations of the 9/11 Commission Act of 2007 mandated that we review the performance and effectiveness TSA's Transportation Security Inspectors – Surface, review whether there is a need for additional inspectors, and make other recommendations based on our analysis. Under the authority of the *Aviation and Transportation Security Act*, TSA created the Surface Transportation Security Inspection Program in 2005 to provide oversight and assistance to surface transportation modes. As a result of the inspection program, TSA is improving security in the mass transit and freight rail modes. It faces some important challenges in improving the effectiveness of the Transportation Security Inspectors – Surface. As TSA expands its presence in non-aviation modes, it must look critically at how it is deploying resources.

Chlorine Tank Car

We made three recommendations. TSA needs to assess how planned exercises can better use the inspectors and their activities. It must also determine how many inspectors are needed to perform necessary functions. Finally, TSA should eliminate practices that undermine efforts to establish a more transparent chain of command for the program.
(OIG-09-24, February 2009, ISP)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-24_Feb09.pdf

Transportation Security Administration's Known Shipper Program (Redacted)
The TSA is responsible for the screening of all cargo transported on passenger planes. The agency requires air carriers and freight forwarders to ensure a shipper is known before accepting its cargo for transport on passenger aircraft. These entities can use different methods for making shippers known. The TSA is developing the Known Shipper Management System, which is an automated process for verifying the validity and integrity of shippers; however, the agency must resolve challenges in its development and deployment.

The other methods to verify a known shipper are manual procedures and the Known Shipper Database, which do not provide adequate assurance that only known shipper cargo is transported on passenger aircraft. The criteria and guidance for evaluating a shipper are unclear and subject to interpretation, increasing the risk that shippers may be improperly classified as known. The Transportation Security Administration's inspection and testing activities do not provide adequate assurance that regulated entities are complying with the program's requirements. Our report contained six recommendations to strengthen the controls and oversight of the program, including providing better criteria and guidance and improving inspection and testing activities. TSA concurred with five of the six recommendations.
(OIG-09-35, March 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIGr_09-35_Mar09.pdf

Audit of the Effectiveness of the Checked Baggage Screening System and Procedures Used to Identify and Resolve Threats (Unclassified Summary)
TSA is responsible for overseeing aviation security and ensuring the safety of the air traveling public. This includes the screening of checked baggage

and safeguarding it from prohibited items.
We conducted unannounced, covert testing at domestic airports to determine whether: (1) TSA's implementation of On-Screen Alarm Resolution Protocol is effective, (2) TSA's checked baggage screening procedures and standards are adequate, (3) TSO's are following those screening procedures and standards, and (4) aviation security screening equipment and technologies are functioning properly and as intended to prevent threat items from entering the checked baggage system.

We identified vulnerabilities in the security of checked baggage at the eight domestic airports where we conducted testing. As a result of our testing, we made four recommendations. TSA concurred with three of the four recommendations and concurred in part with the other recommendation. When fully implemented, these recommendations should strengthen the checked baggage screening process. The details of our testing are classified Secret.
(OIG-09-42, March 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-42_Mar09.pdf

Investigation Concerning TSA's Compromise of Covert Testing Methods
At the request of Chairman Bennie Thompson, House Committee on Homeland Security, we investigated the events surrounding an April 28, 2006, Transportation Security Administration (TSA) email entitled "Notice of Possible Security Test." The objective was to determine whether the email transmitted by the Assistant Administrator of TSA's Office of Security Operations compromised any covert testing by another government entity. Our review confirmed that TSA officials compromised our covert testing methods and made no effort to report the compromise to the OIG. TSA's email provided key details about our covert airport security testing program, including our test methodology and the physical description of one of our undercover testers. TSA's disclosure was inappropriate and thus potentially undermined the integrity of our ongoing covert testing. We did not examine whether the email affected any other agency's covert testing because we determined that the email concerned only OIG's covert testing methods. We did not make any recommendations in this report. However, to improve coordination and ensure that covert testing is not compromised in the future, we made several recommendations in our inspections report, *Transportation Security Administration's Management of Aviation Security Activities at Jackson-Evers International and Other Selected Airports*.
(OIG-09-43, March 2009, ISP)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-43_Mar09.pdf

INVESTIGATIONS

Contractor Agrees to Multi-Million Dollar Settlement
The Justice Department announced that a large government contractor has agreed to pay $5.6 million to resolve allegations that it submitted false claims in connection with a contract to assist the TSA in deploying Federal government security personnel at airports. The settlement resulted from the collective efforts of our investigation with the assistance of the Justice Department's Civil Litigation Branch, the Defense Contract Audit Agency and the TSA General Counsel. The efforts included the review of in excess of 1.5 million documents obtained pursuant to Inspector General Subpoenas.

TSA Officer Exonerated of Allegations Against Him
A private citizen alleged that a TSO at an international airport improperly queried the criminal histories, credit reports, addresses, bank accounts and medical histories of other TSA employees. The complainant said that the TSO intended to blackmail the other TSA employees for money to pay off debts and fund a business. Our investigation found that the allegation was false and the citizen making the complaint was subsequently indicted on two counts of filing false statements.

TSA Screener Guilty of Selling Security Seals to Smuggle Narcotics

We investigated a corrupt TSA employee working at international airport who was selling TSA stickers utilized to identify screened and cleared passenger baggage to facilitate the transportation of narcotics aboard commercial airliners. During our investigation, we purchased a reel of 399 TSA stickers from the TSA employee in exchange for $200 in order to move an alleged shipment of cocaine from Miami to New York City. The TSA employee was arrested and subsequently pleaded guilty to theft of U.S. Government property. In addition to being terminated from TSA, the screener was sentenced to 3 years of probation and 150 hours of community service.

TSA Baggage Screener Pleads Guilty to Theft

We investigated a TSO who was stealing cameras, laptop computers and dozens of other items from checked luggage at a large international airport. The TSO subsequently pleaded guilty in U.S. District Court to Property Stolen from an Interstate Shipment. The TSO admitted that he regularly rooted through suitcases and bags to grab video equipment, jewelry, GPS systems, cell phones, electronic games and other expensive items totaling between $200,000 and $400,000. The TSO's victims included cameramen from CNN and HBO who reported their expensive camera equipment stolen last summer after checking their bags for a flight. The CNN employee later noticed the stolen camera equipment was being offered for sale on eBay, on an account we later traced back to the TSO.

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

Management Oversight of Immigration Benefit Application Intake Processes

U.S. Citizenship and Immigration Services (USCIS) has faced challenges in the timely processing of immigration benefit applications, including a backlog of nearly 3.7 million applications transferred from the Immigration and Naturalization Service in 2003. Although USCIS has taken steps to improve intake process timeliness, it has not established adequate measures to assess performance of its application intake process. Further, the agency would benefit from a knowledge management system to collect and share information on successful, locally based pilot programs and field office improvement initiatives, as well as formalizing an agreement with the Department of State to improve benefit processing. Currently, headquarters management may not be aware of and does not gauge the success of field office pilot programs and initiatives, thereby missing an opportunity to leverage local success nationwide. Our report contained four recommendations to strengthen the oversight of USCIS's intake processes, including developing baseline performance measurements, enhancing oversight of pilot programs, implementing a knowledge management system, and formalizing an agreement with the Department of State to improve immigration benefit application processing.
(OIG-09-37, March 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-37_Mar09.pdf

INVESTIGATIONS

USCIS Employee Pleads Guilty to Trafficking in Counterfeit Labels

We investigated a USCIS employee trafficking in pirated DVDs and CDs, who subsequently pleaded guilty to trafficking in counterfeit labels affixed to copies of copyrighted motion pictures. The investigation, conducted jointly with the FBI, utilized a confidential informant and undercover agent. The employee resigned from USCIS after pleading guilty.

Adjudications Officer Pleads Guilty to Providing Identification Information to Boyfriend

A USCIS Adjudications Officer (AO) was approached by her former boyfriend and asked for identification information to be used to flee prosecution and establish a new identity. The AO agreed to provide him the identity information from USCIS records in return for his paying off her debts. We recorded the delivery of the

identification information. The AO resigned her position after being notified of the investigation. The AO was charged with one count of violation of unlawful transfer of means of identification. The AO was convicted and is awaiting sentencing.

Immigration Services Officer Pleads Guilty to Accepting Bribes for Adjudication
We investigated a USCIS Immigration Services Officer (ISO) who contacted an amnesty applicant and solicited a bribe in order to process their application. The ISO and the amnesty applicant met on several occasions and the ISO asked for $2500. Shortly after the receipt of the money, the ISO approved the applicant's case, and they received their green card. The ISO was arrested and subsequently pleaded guilty to bribery of public official and witnesses. The ISO is awaiting sentencing.

UNITED STATES COAST GUARD

MANAGEMENT REPORTS

Annual Review of the United States Coast Guard's Mission Performance
The Homeland Security Act of 2002 requires us to annually assess the USCG's mission performance. We reviewed performance targets and results for each non-homeland security and homeland security mission, as well as resource hours used to perform the various missions, from Fiscal Year 2001 through Fiscal Year 2007. We also reviewed budget figures, allocated by mission, from Fiscal Year 2004 through Fiscal Year 2007, and projected through Fiscal Year 2009.

For FY 2007, the second year in a row, the Coast Guard met 6 of 11 performance targets and only 2 of the 6 performance targets for the non-homeland security missions. Further, non-homeland security missions resource hours decreased while homeland security missions resource hours increased for Fiscal Year 2007 compared to Fiscal Year 2006. Similarly, Coast Guard budget projections from Fiscal Year 2007 to Fiscal Year 2009 illustrate decreases for the non-homeland security missions and increases for the homeland security missions. Our analysis of the USCS's mission performance, resource hours, and budget projections shows a clear trend toward emphasizing the homeland security missions, which will lead to continuing difficulty in meeting future performance targets for the non-homeland security missions. (OIG-09-13, December 2008, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-13_Dec08.pdf

Information Technology Management Letter for the FY 2008 USCG Component Financial Statement Audit (Redacted)
We contracted the independent public accounting firm KPMG to perform the audit of USCG Consolidated Balance Sheet and related statements as of September 30, 2008 and 2007. As part of this review KPMG noted certain matters involving internal control and other operational matters with respect to IT and have documented their comments and recommendation in the Information Technology Management Letter. The overall objective of our audit was to evaluate the effectiveness of IT general controls of USCG's financial processing environment and related IT infrastructure. KPMG noted that USCG took corrective action to address many prior years IT control weaknesses. However, during FY 2008, KPMG continued to find IT general control weaknesses at USCG. The most significant weaknesses from a financial statement audit perspective related to access controls, change control and service continuity. Collectively, the IT control weaknesses limit USCG's ability to ensure that critical financial and operational data is maintained in such a manner to ensure confidentiality, integrity, and availability. In addition, these weaknesses negatively impact the internal controls over USCG's financial reporting and its operation, and KPMG considers them to collectively represent a material weakness under standards established by the American Institute of Certified Public Accountants.
(OIG-09-47, March 2009, IT-A)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIGr_09-47_Mar09.pdf

INVESTIGATION

Former Coast Guardsman Pleads Guilty to Extortion

We conducted an investigation where a USCG Petty Officer (First Class) offered and used his position to assist a non-citizen illegal alien to avoid being taken into custody and deported from the United States. In return the Petty Officer demanded and was paid more than $30,000 from the family of the illegal alien. The Petty Officer pleaded guilty to extortion and under the terms of the plea agreement, he faces up to 36 months in prison, the maximum term provided under the law, as well as a fine of up to $100,000.

UNITED STATES CUSTOMS AND BORDER PROTECTION

MANAGEMENT REPORTS

DHS' Plan for Implementing Secure Systems of Transportation

Our audit addressed the status of the DHS plan to secure systems of transportation as required by the *Coast Guard and Maritime Transportation Act of 2004*. The department issued the Report to Congress on Secure Systems of Transportation on September 6, 2007. This plan was issued two and a half years late and was superseded by the passage of the Security and Accountability for *Every Port Act of 2006*, or the *SAFE Port Act*. The *SAFE Port Act*, while broader in scope, repeated and clarified the requirements of the *Coast Guard Act*. Further, the department did not conduct the analyses required by the *Coast Guard Act* in a timely manner. Although the Department issued the plan late, it did proceed with the implementation of the programs and systems to secure systems of transportation. Our report discussed the status of the ten programs and systems listed in the plan and the required analyses as of May 31, 2008. This was an informational report for Congress that did not include recommendations.
(OIG-09-03, October 2008, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-03_Oct08.pdf

Customs and Border Protection Award Fees for Enforcement Equipment Maintenance and Field Operations Support Contract

Our audit addressed the CBP cost-plus-award-fee contract with Chenega Technology Services Corporation for work on its enforcement equipment maintenance and field operations support contract. The OIG concluded that the cost-plus-award-fee was an improper contract type for fulfilling enforcement equipment maintenance and field operations support needs. The performance standards for earning awards fees were not designed to motivate excellence in acquisition outcomes; that is, to achieve or exceed cost, schedule, and technical performance objectives.

The OIG recommended that the CBP Commissioner: (1) determine the best value with continuing with the current cost-plus-award-fee contract, (2) ensure that the contract's Quality Assurance Surveillance Plan motivates excellence in acquisition outcomes, (3) establish and implement policies and procedures for cost-plus-award-fee contracts and Alpha contracting, (4) develop internal controls to ensure that official contract files contain adequate documentation, and (5) provide additional training to employees responsible for conducting quality assurance activities on the Chenega contract.
(OIG-09-18, January 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-18_Feb09.pdf

Management of CBP Revenue Analysis Functions

Our audit found that CBP did not have effective processes in place to measure the performance of either of its two analytical components responsible for increasing revenue collection compliance. One of the key functions of CBP is to increase compliance with the revenue collection laws. In FY 2007, CBP collected $33 billion in duties, taxes, and fees. In FY 2007, the estimated amount of revenue loss due to noncompliance was $374 million. CBP's Office of International Trade has two analytical functions to help reduce the amount of lost revenue: (1) the Account Management Program, which focuses on increasing compliance by selected companies; and (2) the National Targeting and Analysis Groups, which focus on

increasing compliance for Priority Trade Issues. We made two recommendations to improve program monitoring and evaluation. CBP concurred with our recommendations and took corrective actions.
(OIG-09-29, February 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-29_Feb09.pdf

INVESTIGATIONS

Former Border Patrol Agent Trainee Found Guilty of False Impersonation
Our investigation resulted in a former Border Patrol Agent (BPA) Trainee being convicted of false impersonation, which carries a sentence ranging from 1 to 3 years incarceration.

The former BPA Trainee, following termination and dismissal from the Border Patrol Academy, utilized a stolen uniform to conduct an illegal traffic stop of a woman, but after learning the woman was an employee of the County District Attorney's Office, the former BPA Trainee abandoned the stop and departed. On a separate occasion, the BPA Trainee once again used the stolen uniform to falsely impersonate a Border Patrol Agent for the purpose of escaping the issuance of a traffic citation after being stopped by a State Police officer for a speeding violation. We worked this case jointly with the Dona Ana County, New Mexico Sheriff's Office and the Alamogordo, New Mexico Police Department.

Customs and Border Protection Officer Pleads Guilty To Smuggling Cocaine
Our investigation resulted in a Customs and Border Protection Officer (CBPO) pleading guilty in federal court to charges of importing six grams of cocaine from Mexico. The CBPO was arrested at a checkpoint north of the Mexican U.S. border after Border Patrol Agents found 2 pounds of marijuana and 6 grams of cocaine in his possession. The CBPO signed a plea deal, in which he admitted to importing cocaine into the United States. The CBPO admitted he smuggled cocaine in his boot as he drove his truck from Mexico, through a CBP checkpoint.

Customs and Border Protection Officer Pleads Guilty to Unauthorized Access to Government Information
A CBPO was intercepted during a U.S. Drug Enforcement Administration (DEA) investigation. The CBPO was recorded talking about searching law enforcement databases for information related to the main target of the DEA investigation. Our investigation substantiated that the CBPO had made many such searches related to several subjects of the investigation, who are known members of the drug trafficking organization that is being targeted. When confronted, the CBPO admitted conducting database checks for unofficial purposes. Later, he was charged with violation of exceeding authorized access to a government computer. He pleaded guilty in federal court and resigned his position with CBP. He was sentenced to time served and agreed to never to apply for or perform the duties of a law enforcement officer in the future.

Customs and Border Protection Officer Pleads Guilty to Bribery
A CBPO who accepted bribes to ensure that narcotics and Intellectual Property Rights (IPR) products (counterfeit goods) entered the United States without inspection has pleaded guilty to conspiracy and bribery. This followed our investigation involving consensual monitored phone calls and meetings utilizing a confidential informant in which the CBPO was paid $27,000 in bribes. The CBPO awaits sentencing. We worked this case with ICE, OI and DEA.

Customs and Border Protection Officer Pleads Guilty to Bribery
A CBPO who accepted bribes from a customs broker to allow contraband into the United States without inspection has pleaded guilty to unlawfully supplementing federal income. During the course of our investigation, the CBPO accepted two payments ($700) from a confidential informant (CI) for his assistance in authorizing the CI's company to pick up his/her own consignment freight directly from and airline, thereby circumventing CBP inspection. We worked this case with ICE OI and DEA.

Customs and Border Protection Officer Resigns After Admitting to Transmitting Multiple Child Pornographic Images

We conducted an investigation into an allegation that a CBPO transmitted multiple child pornographic images from his personal computer. The CBPO admitted transmitting multiple child pornographic images of females between 12 and 16 years of age, from1994 until 1996, and from 2000 until 2004. Two of these images were seized by American Online, and identified as part of a series of a previously identified group of child pornographic images. Examination of nine computer hard drives, seized from the CBPO's residence, revealed 34 child pornographic images, often times involved in sexual activity with adult males. The case was presented and declined for prosecution with the federal, state and local authorities. The CBPO resigned from CBP in October 2008.

CBP Officer Arrested and Pleads Guilty To Passport Fraud

We conducted an investigation with the FBI and DEA where we arrested a CBPO for the unlawful manufacture, distribution, or possession of a controlled substance and false statement in application and use of a U.S. passport. The CBPO secured an official U.S. passport for a known narcotic smuggler for the fee of $50,000. The CBPO subsequently signed a plea agreement to passport fraud and is awaiting federal sentencing. The CBPO was terminated from CBP subsequent to his arrest.

UNITED STATES IMMIGRATION AND CUSTOMS ENFORCEMENT

MANAGEMENT REPORTS

Removals Involving Illegal Alien Parents of United States Citizen Children

The House Committee on Appropriations, through House Report 110-181, asked us to report on detentions and removals involving U.S. citizen children and their parents—specifically, ICE removals from the detention center population over the past 10 years. The United States conducted 2,199,138 alien removals between fiscal years 1998 and 2007, of which 108,434 were alien parents of U.S. citizen children. Data limitations decrease the reliability of these results. ICE does not collect the following specific information: (1) the number of instances when both parents of a particular child were removed, (2) the length of time a parent lived in the United States before removal, and (3) whether the U.S. citizen children remained in the United States after the parents' removal. Immigration and Customs Enforcement reported detaining no U.S. citizen children.

We are recommending that ICE analyze and report on the feasibility of establishing procedures to document the number of removed alien parents and the age of aliens' children to indicate whether the children are minors or adults.
(OIG-09-15, January 2009, ISP)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-15_Jan09.pdf

Immigration and Customs Enforcement's Tracking and Transfers of Detainees

ICE's detainee tracking efforts have improved since our last report, dated November 2006 (OIG-07-08), with accuracy rates increasing from 90% to 94%. However, we found that the Detainee Transfer Notification form was not properly completed for 143 of the 144 transfers we tested. In addition, we found medical staff at detention facilities did not always conduct physical examinations within 14 days, as required by the National Detention Standard for Medical Care; detainees received timely physical examinations in 248 (80%) of the 312 tested exams. Immigration and Customs Enforcement concurred with four recommendations and concurred in part with three recommendations.
(OIG-09-41, March 2009, OA)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-41_Mar09.pdf

INVESTIGATIONS

Contractors Agree to Pay the Government $1 Million and $30 Million, Relating to Defective Body Armor

Two companies have agreed to pay the United States $1 million and $30 million, respectively,

to resolve allegations that they violated the *False Claims Act* by knowingly manufacturing and selling defective body armor made of Zylon fiber. The body armor was purchased by the Federal government and various state, local and tribal law enforcement agencies.

These settlements are part of a larger investigation of the body armor industry's use of Zylon fiber in body armor. The United States previously settled with three other participants in the Zylon body armor industry for more than $16 million. The settlement with the latest company was the result of our ongoing investigation in coordination with the Justice Department's Civil Division and several other Federal law enforcement agencies.

USICE Special Agent Pleads Guilty to Distribution of a Controlled Substance in U.S. District Court and is Sentenced

We investigated a USICE Special Agent trafficking in controlled substances, specifically, crystal methamphetamine. The individual subsequently pleaded guilty to unlawful manufacturing, distribution, or possession of a controlled substance. The investigation, conducted jointly with the FBI and ICE OPR, utilized a confidential informant. The employee resigned from ICE after pleading guilty and was subsequently sentenced in to 180 days of electronic monitoring; 48 months probation; and forfeited a vehicle and two handguns.

DHS Impersonator Sentenced on Alien Smuggling Charges, Over 700 Identified in Scheme

We completed an investigation regarding an immigration fraud scheme in which illegal aliens were provided with fraudulent immigration paperwork and admission stamps showing that the individual was eligible to be in the United States for an extended period of time. These individuals would then utilize the bogus paperwork to obtain legitimate immigration documents and status in the United States for driver's licenses and immigration purposes. Although we later determined that no DHS employees were involved, the organizer of the fraud organization was arrested, pleaded guilty and was sentenced to twenty months incarceration. We also identified over 700 individuals involved in this scheme and coordinated with other DHS components to arrest 157 of these individuals to date.

DHS Impersonator Sentenced to Probation

We investigated a private citizen who was subsequently arrested, convicted and sentenced to probation for impersonating a federal agent. The individual had used a wide variety of police equipment including badges, ballistic vests and batons while effecting traffic stops and conducting other law enforcement activity in the Orlando, Florida, area. He claimed to be an officer with the DHS "Police Protection Service."

Immigration Facility Guard Guilty of Smuggling Contraband to Detainees

We investigated a guard employed at a Federal Service Processing Center, who was smuggling contraband to immigration detainees inside the facility. During numerous undercover deals, the guard accepted cash payments in exchange for smuggling items of contraband, to include an MP-3 player, cell phone, United States currency and marijuana, into the facility for detainees. The guard was arrested and charged with two counts of introducing contraband into a federal facility and two counts of attempting to possess a controlled substance with the intent to distribute. He later pleaded guilty and was sentenced to 2 years of supervised release and his employment at the immigration facility was terminated.

ICE Official Sentenced for Bribery and Money Laundering

We conducted an extensive investigation resulting in an ICE Criminal Investigator Supervisor being sentenced to 90 months of confinement after pleading guilty to bribery, money laundering, wire fraud and honest services fraud. Our investigation had previously developed evidence that the ICE supervisor, while assigned as ICE Attaché to a foreign posting and later as an ICE Director to their Washington, DC, Headquarters, solicited bribes to steer an armored vehicle contract to a foreign country vendor and accepted money from foreign nationals who he referred for U.S. visas.

DHS at work on the southwest border.
Source: DHS-OIG Photo Gallery.

Government Pharmacists Plead Guilty to Theft
A pharmacist employed by Health and Human Services (HHS), Public Health Service (PHS) and a pharmacist technician, employed by a private contractor both assigned to a Federal Detention Facility, pleaded guilty to a misdemeanor charge of theft of government property. The charge carries a maximum penalty of one year in prison and/or a fine of up to $100, 000.

Our investigation determined that the former pharmacist at the detention facility that houses illegal aliens and his pharmacist technician took prescription medication intended for prisoners and either distributed it to coworkers or kept it for personal use. The pharmacist and the pharmacist technician pleaded guilty to theft of government property and have been sentenced to 2 years probation and a $2000 fine, and a $250 fine respectively. The investigation was led by us and included the HHS OIG.

Supervisory Immigration Enforcement Agent Sentenced for Conspiring to Distribute a Controlled Substance
We investigated a USICE Supervisory Immigration Enforcement Agent (SIEA) who was arrested at an airport after 10 pounds of marijuana was discovered concealed in his carry on luggage when he arrived at his destination. When we interviewed the SIEA he admitted to smuggling marijuana between two major cities approximately five times. The SIEA indicated that his government credentials allowed him to bypass security screening at the departure airport and that he was compensated for delivering the drugs. Following a guilty plea to conspiracy to distribute a controlled substance, the SIEA was sentenced to 25 months confinement and 2 years supervised release. This was joint investigation with DEA.

An Acting Field Office Director for ICE was sentenced to thirty-seven months incarceration for Bribery (Update 04/01/08 – 09/30/08 SAR)
We opened an investigation on the Acting Field Office Director for ICE after receiving an allegation that he was accepting bribes and gratuities in the form of money, free labor and gifts in exchange for releasing ICE detainees and helping to arrange a fraudulent marriage. As a result of our investigation, the Acting Field Office Director was indicted on a nine count indictment for, conspiracy to defraud the United States, bribery of a public official, extortion by a public official; and misprision of a felony. In addition to his 37 month incarceration, the subject was also ordered to pay a $30,000 fine and given 24 months probation. In addition, a co-conspirator (private citizen) was sentenced to 33 months incarceration for bribery and conspiracy.

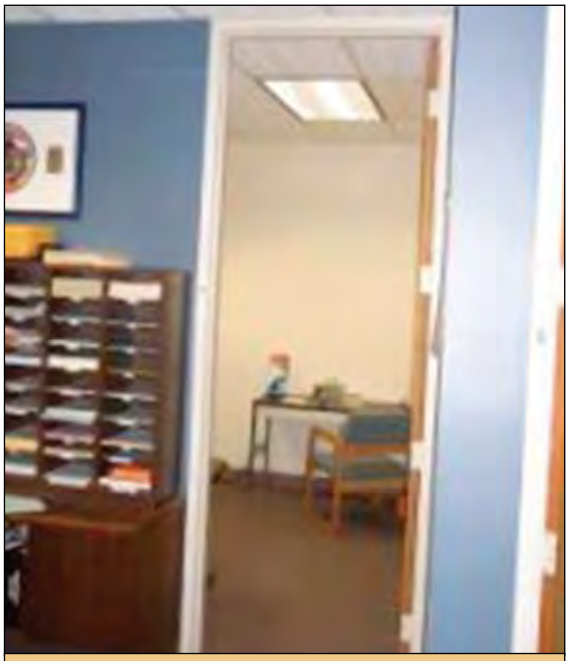
MULTIPLE COMPONENTS

MANAGEMENT REPORTS

Letter Report: Review of Customs and Border Protection's Certification of Automated Targeting System–Passenger Enhancements
We reviewed USCBP's certification pertaining to enhancements of the Automated Targeting System-Passenger (ATS-P) according to congressional requirements for the FY 2009 funding for such enhancements. USCBP's certification was to describe how ATS-P enhancements will improve targeting while fully complying with all applicable laws, including privacy protection laws for handling and securing personal data. Based on the limited information provided for our review, we were unable to determine whether USCBP properly certified the proposed enhancements. However, though we could not determine whether the impact of the proposed enhancements has been fully considered, it is our opinion that USCBP will ensure that the personally identifiable information contained within ATS-P is secure and that access will be limited in accordance with applicable laws. Furthermore, we do not foresee any significant risks to the personal data being collected and stored within ATS-P once the proposed system enhancements have been implemented.
(OIG-09-44, March 2009, IT-A)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-41_Mar09.pdf

Management Oversight Challenges Remain for DHS' Intelligence Systems Information Technology Security Program (Redacted)
We evaluated the security program and practices for DHS' TS/SCI information systems according to the annual FISMA requirements. This is the department's first year reporting on USCG's FISMA compliance. We concluded that the department continues to improve and strengthen its security programs for its intelligence systems. Overall, information security procedures have been documented and controls have been implemented, providing an effective level of security for the department's intelligence systems. The department addressed 10 of the 14 recommendations cited in our FY 2007 report. Operational issues remain regarding the effectiveness of the implementation of the department's intelligence security program and system controls. Our report contained six recommendations that included establishing an information systems' security education, training, and awareness program, developing a contingency/disaster recovery plan, maintaining Plans of Action and Milestones, and addressing security control issues that we identified during our review.
(OIG-09-30, February 2009, IT-A)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-30_Mar09.pdf

Technical Security Evaluation of DHS Activities at Los Angeles International Airport (Redacted)
We evaluated DHS and its organizational components' security programs at Los Angeles International Airport. Specifically, we addressed whether TSA, USCBP, USCG, and USICE had implemented operational, technical, and managerial system security controls for their IT assets at this site.



ICE server room with open door.

ICE server not secured in a locked cabinet.

Our report contained six recommendations to improve operational and physical security, thirteen recommendations related to technical security, and four recommendations to enhance management controls.
(OIG-09-01, October 2008, IT-A)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIGr_09-01_Oct08.pdf

DHS' Efforts to Improve the Homeland Security Information Network

We previously evaluated the Homeland Security Information Network's (HSIN) support of information sharing in our June 2006 audit report, *Homeland Security Information Network Could Support Information Sharing More Effectively* (OIG-06-38). We reported that the network did not effectively support state and local information sharing. In our subsequent follow-up evaluation, we assessed the department's progress toward addressing our June 2006 recommendations. We also determined the status of information sharing among select HSIN stakeholders, and identified challenges and barriers to HSIN's use and implementation. DHS made some progress toward addressing the recommendations aimed at improving the current version of HSIN. However, DHS is in the process of upgrading the current version. To be successful with planned future upgrades of HSIN, we recommended that the department 1) provide sufficient resources to improve stakeholder relations, 2) develop scenario-based training for stakeholders and communicate the availability of existing training, 3) ensure that system performance and information sharing metrics are addressed in future HSIN upgrades, and 4) define and communicate DHS' information sharing process to ensure that users understand what information to share. (OIG-09-07, October 2008, IT-A)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-07_Oct08.pdf

INVESTIGATIONS

Summary of Significant Investigations: March 1, 2003–September 30, 2008

This special report focused on our significant criminal investigations from March 1, 2003, through September 30, 2008. We provided narrative descriptions of our Office of Investigations casework involving the operations, activities and personnel of U.S. Customs and Border Protection, U.S. Citizenship and Immigration Services, U.S. Immigration and Customs Enforcement, U.S. Coast Guard, the Federal Emergency Management Agency, the Federal Protective Service, the Transportation Security Administration, and the U.S. Secret Service.

Over the five-year period, our Office of Investigations received and diligently worked on nearly 60,000 complaints. Our investigations resulted in arrests and convictions for alien and drug smuggling, immigration fraud, contract fraud, and civil rights violations. Our work also resulted in the apprehension of persons with known links to terrorism. We recovered over $227 million in fines, restitutions, and administrative cost savings.

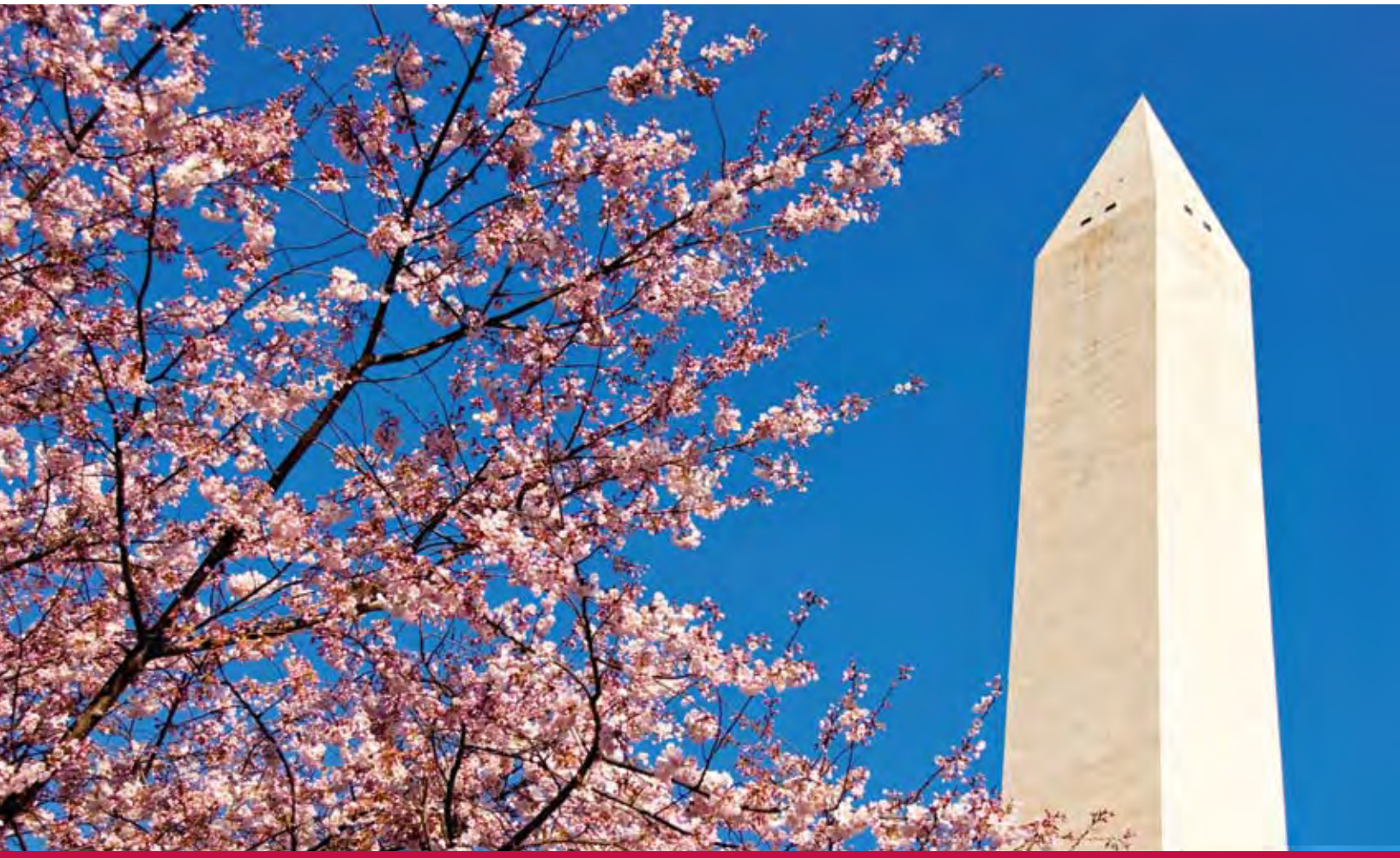
Statistical highlights of our investigations are shown on the following table.
OIG-09-39, March 2009, INV)
http://www.dhs.gov/xoig/assets/mgmtrpts/OIG_09-39_Mar09.pdf

STATISTICAL HIGHLIGHTS OF INVESTIGATIONS
March 1, 2003 – September 30, 2008

Fiscal Year	Fines, Restitutions, Administrative Cost Savings and Recoveries	Cases Accepted for Prosecution	Arrests	Indictments	Convictions	Personnel Actions	Total Complaints Received	Hotline Complaints Received
2003[1]	$6,244,573	36	67	76	69	6	4,573	1,255
2004	$2,124,468	49	202	203	119	17	7,699	1,712
2005	$95,977,704	77	200	135	109	48	12,195	7,527
2006	$25,469,596	318	521	583	366	34	15,774	14,746
2007	$44,839,086	325	598	596	393	35	8,227	5,063
2008	$52,941,381	240	426	470	402	33	11,361	7,091
Totals	**$227,596,808**	**1,045**	**2,014**	**2,063**	**1,458**	**173**	**59,829**	**37,394**

[1] Please note that only one month (March 1-31, 2003) was considered for reporting data covering the fiscal year ending March 31, 2003. DHS became opeational in March 2003.

OTHER OFFICE OF INSPECTOR GENERAL ACTIVITIES



OVERSIGHT OF NONDEPARTMENTAL AUDITS

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

SUMMARY OF SIGNIFICANT REPORTS UNRESOLVED OVER 6 MONTHS

Timely resolution of outstanding audit recommendations continues to be a priority for both our office and the department. As of this report date, we are responsible for monitoring 165 reports that contain recommendations that have been unresolved for more than 6 months. Management decisions have not been made for significant reports, as follows:

102	FEMA-related financial assistance disaster audits
37	Program management reports
26	Single audit reports
165	**Total**

LEGISLATIVE AND REGULATORY REVIEWS

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

During this reporting period, we reviewed 60 legislative and regulatory proposals, draft DHS policy directives, and other items. Some of these items are highlighted below.

American Recovery and Reinvestment Act of 2009

We reviewed the draft version of Public Law 111-5, the *American Recovery and Reinvestment Act*, which is the President's $787 billion economic stimulus package. We provided several comments. We expressed concerns about funding unproven technologies for CBP's non-intrusive detection technology at sea ports of entry and TSA's purchase and installation of explosive detection systems and emerging checkpoint technologies. Our comments also addressed the Accountability and Transparency Board. The Board coordinates and conducts oversight of federal spending under the Recovery Act to prevent waste, fraud, and abuse. We noted that the Board may possibly duplicate the role and responsibilities of the Council of the Inspectors General on Integrity and Efficiency.

Proposed Amendments to Homeland Security Acquisition Regulation for Contractor Disclosure of Violations Involving DHS Contracts

We reviewed proposed amendments to the Homeland Security Acquisition Regulation requiring DHS contractors to disclose to the OIG credible evidence of certain criminal and civil violations related to contractor integrity and business ethics consistent with changes to the Federal Acquisition Regulation. We also reviewed the Homeland Security Acquisition Manual (HSAM), which provides supplemental instructions to DHS contracting officers on the reporting requirements. For the HSAM, we suggested establishing a uniform set of data elements for reporting significant contractor overpayments to the OIG, rather than letting each contracting officer determine this. Also, the OIG added a contractor disclosure form to its public website to aid contractors in fulfilling their reporting requirements and to capture consistent data.

Proposed Rulemaking for Inspection of Towing Vessels

We reviewed the U.S. Coast Guard's proposed safety regulations governing the inspection, standards, and safety management systems of maritime towing vessels. The proposed rule intends to promote safer work practices and reduce casualties on maritime towing vessels. We provided several comments related to the proposed rule's First Class Pilot license requirements for individuals who pilot towing vessels. For example, we noted that disruptions of commerce could occur based on the proposed rule's requirement and recommended establishing a phase-in period for requiring pilots to complete a minimum number of trips through certain pilotage waters. We also recommended against accepting self-certification for these requirements.

CONGRESSIONAL TESTIMONY AND BRIEFINGS

The Inspector General testified before the Subcommittee on Emergency Communications, Preparedness, and Response, Committee on Homeland Security, on the Post-Katrina Emergency Management Reform Act of 2006 Implementation: An Examination of FEMA's Preparedness and Response Mission. OIG testimony may be accessed through our website at: www.dhs.gov/xoig

Dialog with members of Congress and their staff continued at a rapid pace throughout the reporting period. Our office conducted 27 briefings for congressional staff on results of our work, including a review of the Effectiveness of TSA's Surface Transportation Security Inspectors, a review of the Maryland State Police Use of DHS Grants, and a review of the Removals Involving Illegal Alien Parents of United States Citizen Children. Meetings to discuss other congressional concerns included DHS' request to reprogram SBInet funds, the treatment of children in ICE custody, TSA penetration testing, and discussion of our work to address the Kendell Frederick Act.

To ensure our stakeholders have an opportunity to participate in the development of our Annual Performance Plan for 2009, we sought and received thoughtful input from the department and from our congressional oversight committees. The Annual Performance Plan is the OIG's "roadmap" for the inspections and audits that it plans to conduct each year to evaluate department programs and operations.

APPENDICES

Appendix 1

Audit Reports With Questioned Costs

Report Category	Number	Questioned Costs	Unsupported Costs
A. Reports pending management decision at the start of the reporting period	179	$421,452,820	$69,704,748
Plus prior period adjustments	1	$45,912,666	$37,226,491
B. Reports issued/processed during the reporting period with questioned costs	20	$77,920,583	$34,455,152
Total Reports	**200**	**$545,286,069**	**$141,386,391**
C. Reports for which a management decision was made during the reporting period	7	$57,057,522	$44,868,170
(1) Disallowed costs	3	$4,599,665	$2,158,488
Plus disallowed cost adjustments from prior period	1	$45,912,666	$37,226,491
(2) Accepted costs	3	$6,545,191	$5,483,191
D. Reports put into appeal status during period	0	$0	$0
E. Reports pending a management decision at the end of the reporting period	193	$488,228,547	$96,518,221
F. Reports for which no management decision was made within 6 months of issuance	173	$410,307,964	$62,063,069

Notes and Explanations:

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

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

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

Unsupported Costs – costs not supported by adequate documentation.

Appendix 1b

Audit Reports With Funds Put to Better Use

Report Category	Number	Amount
A. Reports pending management decision at the start of the reporting period	0	$0
B. Reports issued during the reporting period	1	$1,207,851
Total Reports	**1**	**$1,207,851**
C. Reports for which a management decision was made during the reporting period.	1	$1,207,851
(1) Value of recommendations agreed to by management for deobligation	0	$1,207,851
(2) Value of recommendations not agreed to by management	0	$0
D. Reports put into the appeal status during the reporting period	0	$0
E. Reports pending a management decision at the end of the reporting	0	$0
F. Reports for which no management decision was made within 6 months of issuance	**0**	$0

Notes and Explanations:

Funds Put to Better Use – auditors can identify ways to improve the efficiency, effectiveness, and economy of programs, resulting in cost savings over the life of the program. Unlike questioned costs, the auditor recommends methods for making the most efficient use of federal dollars, such as reducing outlays, deobligating funds, or avoiding unnecessary expenditures.

Appendix 2

Compliance – Resolution of Reports and Recommendations

MANAGEMENT DECISION IS PENDING	
9/30/08:	
Reports open over 6 months	179
Recommendations open over 6 months	582
3/31/09:	
Reports open over 6 months	213
Recommendations open over 6 months	779
CURRENT INVENTORY	
Open reports at the beginning of the period	441
Reports issued this period	70
Reports closed this period	48
Open reports at the end of the period	463
ACTIVE RECOMMENDATIONS	
Open recommendations at the beginning of the period	2,145
Recommendations issued this period	587
Recommendations closed this period	239
Open recommendations at the end of the period	2,493

Appendix 3

Management Reports Issued

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
1. OIG-09-01	10/08	Technical Security Evaluation of DHS Activities at Los Angeles International Airport (Redacted)	$0	$0	$0
2. OIG-09-02	10/08	Federal Emergency Management Agency's Exit Strategy for Temporary Housing in the Gulf Coast Region	$0	$0	$0
3. OIG-09-03	10/08	DHS' Plan for Implementing Secure Systems of Transportation	$0	$0	$0
4. OIG-09-04	10/08	Letter Report: Maryland State Policy Use of DHS Grants	$0	$0	$0
5. OIG-09-05	10/08	TSA's Security Screening Procedures for Employees at Orlando International Airport and the Feasibility of 100 Percent Employee Screening (Revised for Public Disclosure)	$0	$0	$0
6. OIG-09-06	10/08	The State of Illinois' Management of State Homeland Security Grants Awarded During Fiscal Years 2004 through 2006	$0	$0	$0
7. OIG-09-07	10/08	DHS' Efforts to Improve the Homeland Security Information Network	$0	$0	$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
8. OIG-09-08	11/08	Major Management Challenges Facing the Department of Homeland Security	$0	$0	$0
9. OIG-09-09	11/08	Independent Auditors' Report on DHS' FY 2008 Financial Statements in Management Report	$0	$0	$0
10. OIG-09-10	11/08	FY 2008 Audit of DHS' Internal Control Over Financial Reporting	$0	$0	$0
11. OIG-09-11	11/08	Challenges Facing FEMA's Acquisition Workforce	$0	$0	$0
12. OIG-09-12	12/08	DHS' Role in State and Local Fusion Centers Is Evolving	$0	$0	$0
13. OIG-09-13	1/09	Annual Review of the United States Coast Guard's Mission Performance	$0	$0	$0
14. OIG-09-14	1/09	Independent Auditors' Report on U.S. Customs and Border Protection's FY 2008 Consolidated Financial Statements	$0	$0	$0
15. OIG-09-15	1/09	Removals Involving Illegal Alien Parents of United States Citizen Children	$0	$0	$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
16. OIG-09-16	1/09	2007 Debris Removal Pilot Programs and Initiatives	$0	$0	$0
17. OIG-09-17	1/09	Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs	$0	$0	$0
18. OIG-09-18	1/09	Customs and Border Protection Award Fees for Enforcement Equipment Maintenance and Field Operations Support Contract	$0	$0	$0
19. OIG-09-19	1/09	Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2008 Drug Control Obligations	$0	$0	$0
20. OIG-09-20	1/09	Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2008 Drug Control Performance Summary Report	$0	$0	$0
21. OIG-09-21	2/09	Independent Review of the U.S. Customs and Border Protection's Reporting of FY 2008 Drug Control Performance Summary Report	$0	$0	$0
22. OIG-09-22	2/09	U.S. Immigration and Customs Enforcement's Management of 2005 Gulf Coast Hurricane Mission Assignment Funding	$5,866,516	$5,866,516	$0
23. OIG-09-23	2/09	National Communications System's Management of 2005 Gulf Coast Hurricanes Mission Assignment Funding	$1,802,894	$965,614	$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
24. OIG-09-24	2/09	Effectiveness of TSA's Surface Transportation Security Inspectors	$0	$0	$0
25. OIG-09-25	2/09	FEMA: In or Out?	$0	$0	$0
26. OIG-09-26	2/09	Independent Review of the U.S. Coast Guard's Reporting of FY 2008 Drug Control Obligations	$0	$0	$0
27. OIG-09-27	2/09	Independent Review of the U.S. Coast Guard's Reporting of the FY 2008 Drug Control Performance Summary Report	$0	$0	$0
28. OIG-09-28	2/09	Independent Review of the Customs and Border Protection's Reporting of FY 2008 Drug Control Obligations	$0	$0	$0
29. OIG-09-29	2/09	Management of CBP Revenue Analysis Functions	$0	$0	$0
30. OIG-09-30	3/09	Management Oversight Challenges Remain for DHS' Intelligence Systems Information Technology Security Program (Redacted)	$0	$0	$0
31. OIG-09-31	2/09	FEMA's Implementation of Best Practices in the Acquisition Process	$0	$0	$0
32. OIG-09-32	2/09	Internal Controls in the FEMA Disaster Acquisition Process	$0	$0	$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
33. OIG-09-33	2/09	The State of California's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2004 through 2006	$1,947,921	$1,947,921	$0
34. OIG-09-34	3/09	U.S. Coast Guard's Management of 2005 Gulf Coast Hurricanes Mission Assignment Funding	$20,603,684	$20,390,870	$0
35. OIG-09-35	3/09	Transportation Security Administration's Known Shipper Program (Redacted)	$0	$0	$0
36. OIG-09-36	3/09	Potentially High Costs and Insufficient Grant Funds Pose a Challenge to REAL ID Implementation	$0	$0	$0
37. OIG-09-37	3/09	Management Oversight of Immigration Benefit Application Intake Processes	$0	$0	$0
38. OIG-09-38	3/09	Improvements Needed in Federal Emergency Management Agency Monitoring of Grantees	$0	$0	$0
39. OIG-09-39	3/09	Summary of Significant Investigations: March 1 2003 - September 30, 2008	$0	$0	$0
40. OIG-09-40	3/09	Management Letter for U.S. Customs and Border Protection's FY 2008 Consolidated Financial Statements	$0	$0	$0
41. OIG-09-41	3/09	Immigration and Customs Enforcement's Tracking and Transfers of Detainees	$0	$0	$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
42. OIG-09-42	3/09	Audit of the Effectiveness of the Checked Baggage Screening System and Procedures Used To Identify and Resolve Threats (Unclassified Summary)	$0	$0	$0
43. OIG-09-43	3/09	Investigation Concerning TSA's Compromise of Covert Testing Methods	$0	$0	$0
44. OIG-09-44	3/09	Letter Report: Review of Customs and Border Protection's Certification of Automated Targeting System–Passenger Enhancements	$0	$0	$0
45. OIG-09-45	3/09	FEMA's Implementations of the Flood Insurance Reform Act of 2004	$0	$0	$0
46. OIG-09-46	3/09	Management Letter for the FY 2008 DHS Financial Statement Audit	$0	$0	$0
47. OIG-09-47	3/09	Information Technology Management Letter for the FY 2008 USCG Component Financial Statement Audit (Mandatory) (Redacted)	$0	$0	$0
48. OIG-09-48	3/09	Information Technology Management Letter for the FEMA Component FY 2008 Financial Statement Audit (Redacted)	$0	$0	$0
		Total, Appendix 3	**$30,221,015**	**$29,170,921**	**$0**

Notes and Explanations:

Report Number Acronyms:
OIG – Management report

Appendix 4

Financial Assistance Audit Reports Issued

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
1. DA-09-01	11/08	Hurricane Katrina and Wilma Activities for Miami-Dade County Parks and Recreation Department	$717,234	$0	$0
2. DA-09-02	11/08	Hurricane Katrina Activities for Jackson County School District	$0	$0	$0
3. DA-09-03	12/08	Hurricanes Ivan, Dennis, and Katrina Activities for Baldwin County, Alabama	$9,547,088	$0	$0
4. DA-09-04	12/08	Hurricane Katrina Activities for Harrison County Wastewater and Solid Waste Management District, Mississippi	$53,635	$0	$0
5. DA-09-05	12/08	Hurricane Katrina Activities for Jasper County, Mississippi	$512,843	$0	$0
6. DA-09-06	12/08	Hurricane Wilma Activities for City of Boca Raton, Florida	$5,556,499	$0	$0
7. DA-09-07	12/08	Mississippi Gulf Coast Regional Wastewater Authority	$193,116	$0	$0
8. DA-09-08	1/09	Hurricane Katrina Activities for the Catholic Diocese of Biloxi, Mississippi	$87,790	$0	$1,207,851
9. DA-09-09	2/09	Contract Award and Administration – Federal Emergency Management Agency, Transitional Recovery Office, Biloxi, Mississippi	$0	$0	$0
10. DA-09-10	2/09	Hurricane Ivan Activities of City of Gulf Shores, Alabama	$8,818,704	$0	$0
11. DA-09-11	2/09	West Virginia Division of Homeland Security and Emergency Management	$0	$0	$0

Appendix 4

Financial Assistance Audit Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
12. DA-09-12	3/09	Hurricane Katrina Activities for Pearl River Valley Electric Power Association	$386,022	$0	$0
13. DA-09-13	3/09	Hurricane Wilma Activities for the City of Hollywood, Florida	$4,984,110	$4,984,110	$0
14. DD-09-01	11/08	Louisiana Department of Agriculture & Forestry	$10,321,101	$0	$0
15. DD-09-02	12/08	Hurricane Katrina Debris Removal Activities in East Baton Rouge Parish, Louisiana	$756,869	$156,475	$0
16. DD-09-03	12/08	Hurricane Katrina Debris Removal in Plaquemines Parish, Louisiana	$133,253	$0	$0
17. DD-09-04	1/09	Hurricane Katrina Debris Removal in the City of Kenner, Louisiana	$5,466,587	$0	$0
18. DD-09-05	3/09	City of Wichita, Kansas	$0	$0	$0
19. DD-09-06	3/09	Louisiana Superdome Sheltering and Repair	$0	$0	$0
20. DD-09-07	3/09	Central Electric Cooperative Inc.	$143,646	$143,646	$0
21. DS-09-01	11/08	Trico Electric Cooperative, Inc. Marana, Arizona	$21,071	$0	$0
22. DS-09-02	3/09	East Bay Regional Park District	$0	$0	$0
		Total, Appendix 4	**$47,699,568**	**$5,284,231**	**$1,207,851**

Report Number Acronyms:

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

Appendix 5

Schedule of Amounts Due and Recovered

Report Number	Date Issued	Auditee	Amount Due	Recovered Costs
1. DA-09-08	1/08	Hurricane Katrina Activities for the Catholic Diocese of Biloxi, Mississippi	$54,190	$54,190
2. DD-08-02	9/08	Lafayette Parish Sheltering and Emergency Protective Measures	$3,448,987	$2,386,987
3. H-S-35-01	5/01	Government of the U.S. Virgin Islands	$2,158,488	$2,158,488
4. INV	10/08 through 3/09	Recoveries as a result of investigations	$37,338,793	$37,338,793
		Total, Appendix 5	**$43,000,458**	**$41,938,458**

Report Number Acronyms:

DA	Financial Assistance Disaster Audit, Atlanta Office
DD	Financial Assistance Disaster Audit, Dallas Office
H-S	Single Audit Report
INV	Recoveries, other than administrative cost savings, which resulted from investigative efforts

Appendix 6
Contract Audit Reports

Report Category	Questioned Costs	Unsupported Costs	Disallowed Costs
Hurricane Katrina Temporary Housing Technical Assistance Contracts [2,3]	$45,912,666	$37,226,491	$45,912,666
Total, appendix 6	**$45,912,666**	**$37,226,491**	**$45,912,666**

Notes and Explanations:

Questioned Costs – Auditors commonly question costs arising from an alleged violation of a provision of a law, regulation, grant, cooperative agreement, or contract. A "questioned" cost is a finding which, at the time of the audit, is not supported by adequate documentation or is unreasonable or unallowable. A funding agency is responsible for making management decisions on questioned costs, including an evaluation of the findings and recommendations in an audit report. A management decision against the auditee would transform a questioned cost into a disallowed cost.

Unsupported Costs – Costs that are not supported by adequate documentation.

Disallowed Costs – An incurred cost questioned by the audit organization that management has agreed should not be charged to the government.

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

[3] We contracted with Williams, Adley & Company, LLP, to perform a review of costs incurred by the FEMA on temporary housing units for the Hurricane Katrina relief efforts. The audit report OIG-08-88, issued during the previous period, addressed contract costs incurred by the FEMA for the four Individual Assistance Technical Assistance Contracts for Hurricane Katrina Relief Efforts. These contracts tasked the contractor to provide and coordinate comprehensive project management services for temporary housing solutions in the aftermath of the hurricane. Recommendations included recovering $45.9 million in questioned costs, of which approximately $31,226,491 (81%) represented unsupported costs.

Appendix 7
Acronyms

AO	adjudications officer
ATS-P	Automated Targeting System-Passenger
BPA	Border Patrol agent
Cal EMA	California Emergency Management Agency
CBP	United States Customs and Border Protection
CBPO	Customs and Border Protection officer
CECI	Central Electric Cooperative, Inc.
CR&CL	Office for Civil Rights and Civil Liberties
DA	Financial Assistance Disaster Audit, Atlanta Office
DBA	disaster benefit applicant
DD	Financial Assistance Disaster Audit, Dallas
DEA	Drug Enforcement Administration
DHS	Department of Homeland Security
DRF	Disaster relief funds
EMO	Office of Emergency Management Oversight
FBI	Federal Bureau of Investigation
FEMA	Federal Emergency Management Agency
FISMA	Federal Information Security Management Act
FTE	full-time employee
FY	fiscal year
GOHSEP	Governor's Office of Homeland Security and Emergency Preparedness
HHS	Department of Health and Human Services
H-S	Single Audit Report
HSAM	Homeland Security Acquisition Manual
HSIN	Homeland Security Information Network
HUD	Department of Housing and Urban Development

Appendix 7
Acronyms (continued)

I&A	Office of Intelligence and Analysis
ICE	United States Immigration and Customs Enforcement
INV	Office of Investigations
ISO	Immigration Services officer
ISP	Office of Inspections
IT	Information Technology
IT-A	Office of Information Technology-Audits
LDAF	Louisiana Department of Agriculture and Forestry
MEMA	Mississippi Emergency Management Agency
NCS	National Communications System
OA	Office of Audits
OIG	Office of Inspector General
ONDCP	Office of National Drug Control Policy
PA	Public Assistance
SDOEM	South Dakota Office of Emergency Management
SIEA	Supervisory Immigration Enforcement Agent
TSA	Transportation Security Administration
TSO	Transportation Security Officer
USCG	United States Coast Guard
USCIS	United States Citizenship and Immigration Services

Appendix 8

OIG Headquarters/Field Office Contacts and Locations

Department of Homeland Security
Attn: Office of Inspector General
245 Murray Drive, SW, Bldg 410
Washington, D.C. 20528

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Fax Number (202) 254-4285
Website Address http://www.dhs.gov/xoig/

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

Appendix 8
OIG Headquarters/Field Office Contacts and Locations (continued)

Locations of Audit Field Offices

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

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

Denver, CO
Lakewood, CO 80225
(303) 236-2877/ Fax (303) 236-2880

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

Miami, FL
Miramar, FL 33027
(954) 538-7842 / Fax (954) 602-1033

Philadelphia, PA
Marlton, NJ 08053-1521
(856) 596-3810 / Fax (856) 810-3412

Locations of IT Audits Field Office

Seattle, WA
Kirkland, WA 98033
(425) 250-1363

Locations of Emergency Management Oversight Office Field Offices

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

Biloxi, MS
Biloxi, MS 39531
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Denton, TX 76208
(940) 891-8900 / Fax (940) 891-8948

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New Orleans, LA 70114
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Appendix 8
OIG Headquarters/Field Office Contacts and Locations (continued)

Locations of Investigative Field Offices

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San Juan, PR 00918
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Kirkland, WA 98033
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St. Thomas, VI
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Tucson, AZ
Tucson, AZ 85741
(520) 229-6420 / Fax (520) 742-7192

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

Appendix 9

Index to Reporting Requirements

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

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U.S. DEPARTMENT OF
HOMELAND SECURITY

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

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