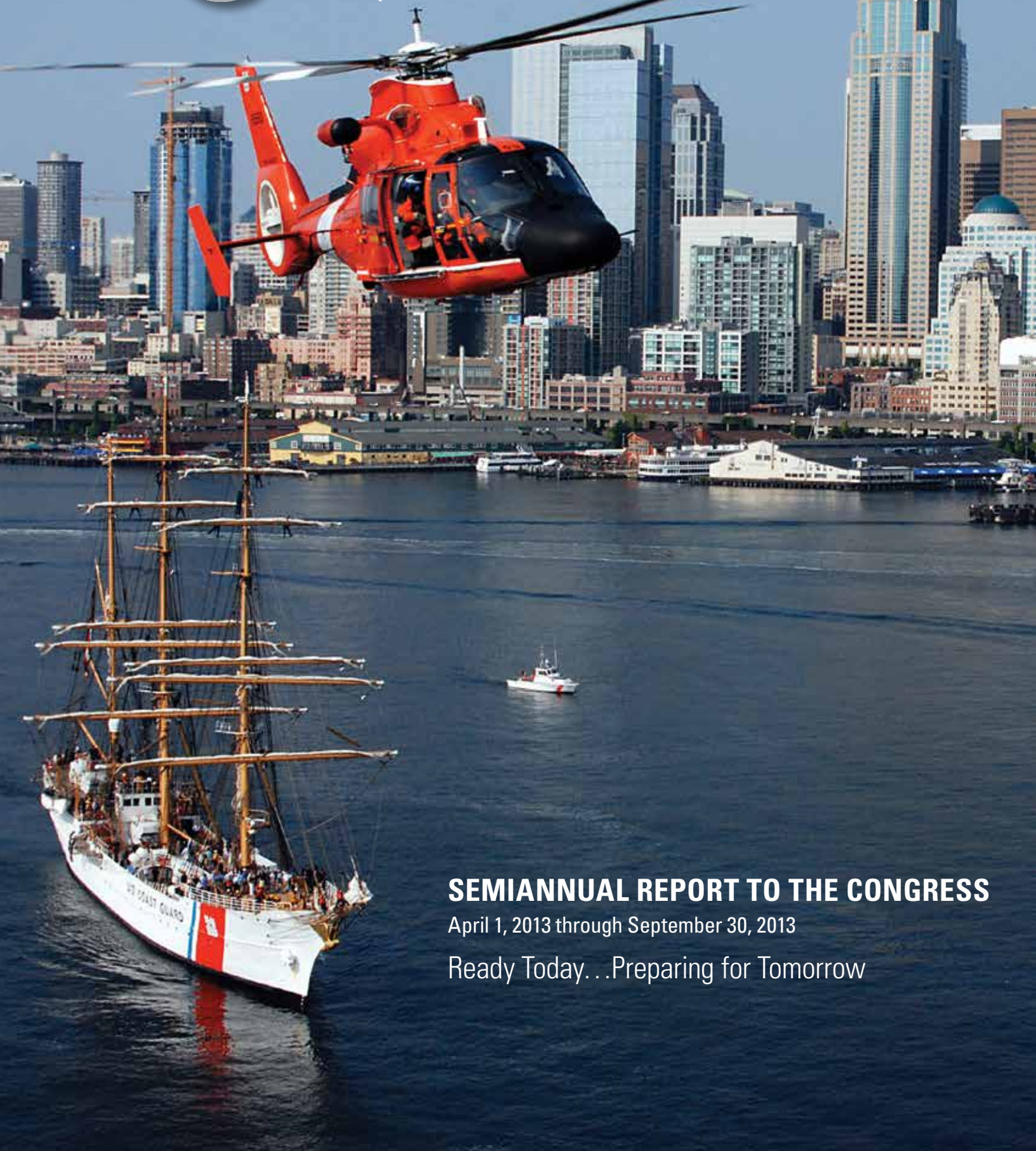




OFFICE OF INSPECTOR GENERAL

Department of Homeland Security



SEMIANNUAL REPORT TO THE CONGRESS

April 1, 2013 through September 30, 2013

Ready Today. . .Preparing for Tomorrow

Statistical Highlights of OIG Activities

April 1, 2013 through September 30, 2013

Dollar Impact

Questioned Costs	\$83,605,781
Funds Put to Better Use	\$127,868,973
Management Agreement That Funds Be:	
Recovered	\$10,358,381
Deobligated	\$102,858,860
Funds Recovered/Deobligated (from audits and investigations)	\$37,416,710
Fines, Restitutions, and Administrative Cost Savings	\$29,054,910

Activities

Management Reports Issued	68
Disaster Assistance Grant Reports Issued	32
Council to the Inspectors General on Integrity and Efficiency Reports Issued	1
Investigative Reports Issued	542
Investigations Initiated	313
Investigations Closed	602
Open Investigations	1,011
Investigations Referred for Prosecution	197
Investigations Accepted for Prosecution	56
Investigations Declined for Prosecution	110
Arrests	98
Indictments	71
Convictions	43
Personnel Actions	29
Total Complaints Received	8,511
Complaints Referred (to programs or other agencies)	7,725
Complaints Closed	8,330



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

November 15, 2013

The Honorable Rand Beers
Acting Secretary
U.S. Department of Homeland Security
Washington, DC 20528

Dear Mr. 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 that ended September 30, 2013.

During this reporting period, our office published 68 management reports, 32 disaster assistance grant reports, and a report for the Council of Inspectors General on Integrity and Efficiency; at the same time strengthening our transparency and internal oversight. DHS management concurred with 89 percent of the recommendations in our reports. As a result of these efforts, we identified \$83.6 million in questioned costs, of which \$5.6 million was not supported by documentation. The Department recovered \$37.4 million resulting from disallowed costs identified in previous audit reports and from investigative efforts. We issued 9 reports identifying \$127.9 million in funds that could be put to better use.

We issued 542 investigative reports, initiated 313 investigations, and closed 602 investigations. Our investigations resulted in 98 arrests, 71 indictments, 43 convictions, and 29 personnel actions. Additionally, we reported \$29.1 million collected through fines and restitutions, administrative cost savings, and other recoveries.

Thank you for your interest and support. We look forward to working with you, the DHS leadership team, and Congress to promote economy, efficiency, and effectiveness in DHS programs and operations, and helping the Department accomplish its critical mission and initiatives in the months ahead.

Sincerely,

A handwritten signature in black ink, reading "Charles K. Edwards". The signature is written in a cursive style with a large initial "C".

Charles K. Edwards
Deputy Inspector General

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Working Relationship Principles for Agencies and Offices of Inspector General

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

To work together most effectively, the agency and its OIG need to define what they 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, OIG contributes to the agency's success. 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. OIG provides the agency and Congress with objective assessments of opportunities to be more successful. Although not under the direct supervision of senior agency management, OIG must keep them and the Congress fully and currently informed of significant OIG activities. Given the complexity of management and policy issues, 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 OIG and the agency to become unproductive.

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

Foster open communications at all levels.

The agency will promptly respond to OIG requests for information to facilitate OIG activities and acknowledge challenges that OIG can help address. Surprises are to be avoided. With very limited exceptions, primarily related to investigations, 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 OIG's independent role in carrying out its mission within the agency, while recognizing the responsibility of OIG to report both to Congress and to the agency head. Similarly, OIG should work to carry out its functions with a minimum of disruption to the primary work of the agency. The agency should allow OIG timely access to agency records and other materials.

Be thorough, objective, and fair.

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. 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 OIG's statutory independence of operation. In addition, agencies need to recognize that OIG is required to carry out work that is self-initiated, congressionally requested, or mandated by law.

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

Provide feedback. The agency and OIG will 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*, Public Law 95-452, as amended (*Inspector General Act*), and covers the period from April 1, 2013, to September 30, 2013. 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 in the Department's programs and operations. Specifically, we issued 68 management reports (appendix 3), 32 disaster assistance grant reports (appendix 4), a Council of Inspectors General on Integrity and Efficiency report, and 542 investigative reports; while at the same time strengthening our transparency and internal oversight. Our reports provide the Department Secretary and Congress with an objective assessment of the issues, and provide specific recommendations to correct deficiencies and improve the economy, efficiency, and effectiveness of the respective programs.

Our audits resulted in questioned costs of \$83,605,781, of which \$5,610,125 was not

supported by documentation. The Department recovered \$37,416,710 (appendix 5) as a result of disallowed costs identified in current and previous audit reports and from investigative efforts. We issued 9 reports identifying \$127,868,973 in funds that could be put to better use. We initiated 313 investigations and closed 602 investigations. Our investigations resulted in 98 arrests, 71 indictments, 43 convictions, and 29 personnel actions. Additionally, we reported \$29,054,910 million in collections resulting from fines and restitutions, administrative cost savings, and other recoveries.

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

Department of Homeland Security Profile

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

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

DHS is organized into the following components:

- Directorate for Management
- Directorate for National Protection and Programs
- Directorate for Science and Technology
- Domestic Nuclear Detection Office
- Federal Emergency Management Agency
- Federal Law Enforcement Training Center
- Office for Civil Rights and Civil Liberties
- Office of General Counsel
- Office of Health Affairs
- Office of Inspector General
- Office of Intelligence and Analysis
- Office of Legislative Affairs
- Office of Operations Coordination and Planning
- Office of Policy
- Privacy Office
- 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

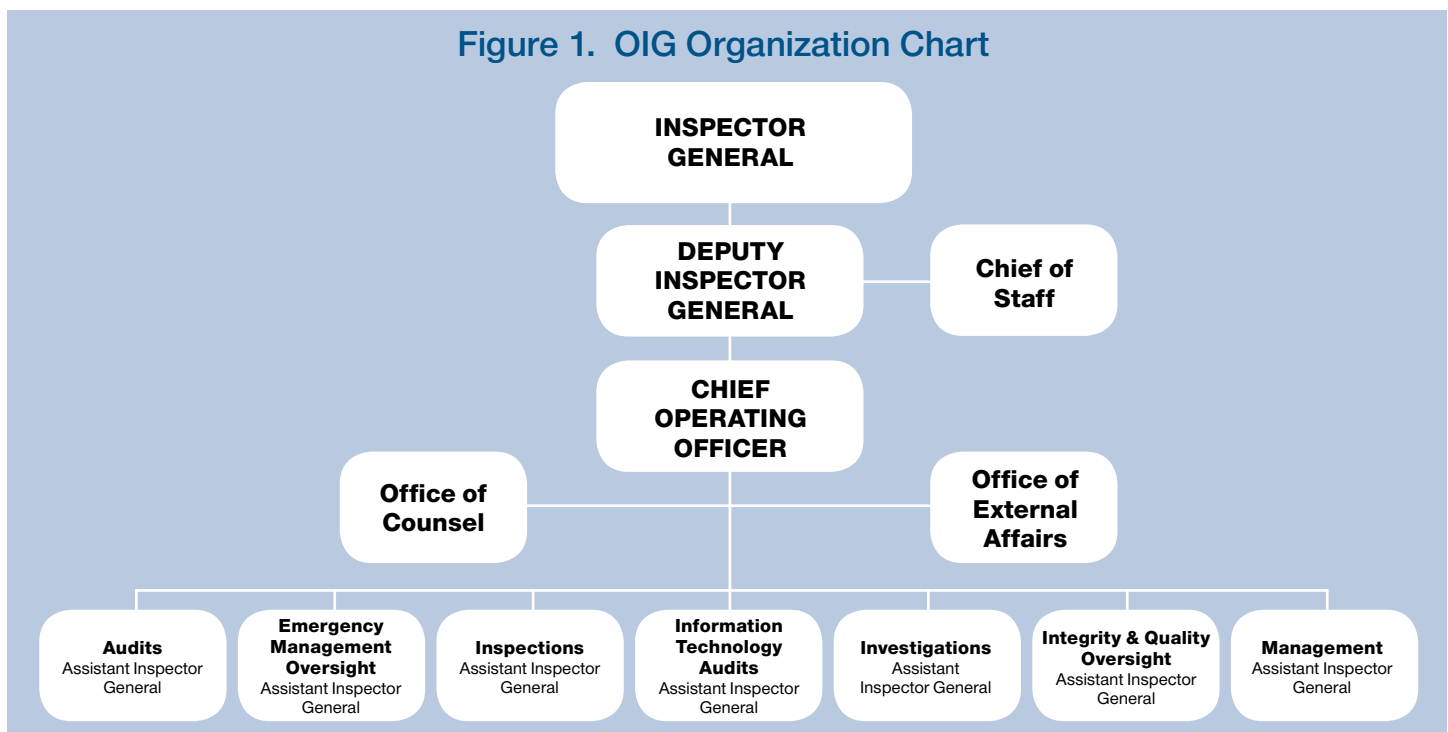
The *Homeland Security Act of 2002* provided for the establishment of an Office of Inspector General (OIG) in DHS by amendment to the *Inspector General Act*. By this action, Congress and the administration ensured independent and objective audits, inspections, and investigations of the operations of 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 683 full-time employees during the reporting period. In March 2013, we initiated a strategic reorganization of our leadership

team and office structure to improve our operations and enhance our support of DHS’ mission. Our organization now has an executive that is focused on daily operations and an enhanced compliance program, among other organizational changes. We added a Chief Operating Officer to our Executive Office leadership team and are finalizing the transition of our compliance and internal review and inspection programs to our new Office of Integrity and Quality Oversight. This office is led by an independent Assistant Inspector General and includes our Hotline and Whistleblower Protection/Ombudsman; and Quality Assurance for Investigations, Audits, and Inspections. We also merged our Offices of Legislative Affairs and Public Affairs into the Office of External Affairs. As a result, we are a more efficient and responsive OIG with a revitalized and independent oversight program that will better service DHS, the Nation, and our dedicated employees. Figure 1 illustrates the OIG management team in our updated organization chart.

Figure 1. OIG Organization Chart





OIG consists of the following components:

The Executive Office consists of the Inspector General, the Deputy Inspector General (DIG), a Chief Operating Officer (COO), a Chief of Staff, and a Special Assistant. It provides executive leadership to OIG.

(New) The Office of Integrity and Quality Oversight (IQO) is a new office that aims to improve OIG's operations and enhance support of the DHS mission, programs and operations. Part of a comprehensive reorganization of OIG, the office's goal is to foster a more efficient and responsive OIG, revitalize oversight efforts, and better serve employees. IQO manages matters pertaining to the Hotline, Whistleblower Protection, and Ombudsman programs; investigative case files; compliance and quality assurance; and audit and inspection report quality. IQO ensures that the Hotline, Whistleblower Protection, and Ombudsman programs are transparent and function independently, that internal and external quality assurance matters such as desk audits and peer reviews are executed timely and properly, and the quality requirements for investigative, audit, and inspections reports are fulfilled.

(New) The Office of External Affairs (EA) is our primary liaison to members of Congress and their staffs, and as OIG's principal point of contact for all media outlets and the public. This office tracks and responds to inquiries from Congress; notifies Congress about OIG initiatives, policies, and programs; coordinates preparation of testimony and briefings for Congress; tracks legislation of interest to the Department and the Inspector General community; and provides advice to the Inspector General staff as they address questions and requests from Congress. This office also provides news organizations with accurate and timely information in compliance with legal, regulatory, and procedural rules. It prepares and issues news releases, arranges interviews, and coordinates and analyzes information to support

OIG's policy development and mass communications needs. This office develops OIG's integrated communications strategy and helps promote understanding and transparency of OIG work products. In addition, it advises the Inspector General and staff about complex programmatic and public affairs issues that affect OIG and its relationship with DHS; other Federal agencies; State and local government; the media; and the public.

The Office of Counsel (Counsel) provides legal advice to the Inspector General and other management officials; supports audits, inspections, and investigations by identifying and construing applicable laws and regulations; serves as OIG's designated ethics office; manages OIG's *Freedom of Information Act* (FOIA) and *Privacy Act* responsibilities; represents OIG in administrative litigation and assists the Department of Justice (DOJ) in Federal litigation affecting OIG; furnishes attorney services for the issuance and enforcement of OIG subpoenas; reviews OIG reports for legal sufficiency; reviews proposed legislation and regulations; proposes legislation on behalf of OIG, and provides legal advice on OIG operations.

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

The Office of Emergency Management Oversight (EMO) provides an aggressive and ongoing audit effort designed to ensure that disaster relief funds are spent appropriately, while identifying

fraud, waste, and abuse as early as possible. EMO keeps the Congress, the Secretary, the Administrator of the Federal Emergency Management Agency (FEMA), and others fully informed on problems relating to disaster operations and assistance programs and on progress regarding corrective actions. EMO's focus is weighted heavily toward prevention, including internal controls, and monitoring and advising DHS and FEMA officials on subgrantee contracting and financial management activities. This allows EMO to stay current on all disaster relief operations and provide advice on internal controls and precedent-setting decisions. A portion of its full-time and temporary employees are dedicated to Gulf Coast hurricane recovery.

The Office of Information Technology Audits (ITA) conducts audits and evaluations of DHS' information technology (IT) management, cyber infrastructure, systems integration, and systems privacy activities protections. The office reviews the cost-effectiveness of acquisitions, implementation, and management of major systems and telecommunications networks across DHS. The office audits systems that affect privacy to assess whether the organizational governance, culture, and safeguards comply with Federal privacy requirements. In addition, it evaluates the systems and related architectures of DHS to ensure that they are effective, efficient, and implemented according to applicable policies, standards, and procedures. The office also assesses DHS' cybersecurity program as mandated by the *Federal Information Security Management Act* (FISMA). In addition, the office conducts audits and provides technical forensics assistance to OIG offices in support of OIG's fraud prevention and detection program.

The Office of Inspections (ISP) provides the Inspector General with a means to analyze programs quickly and to evaluate operational efficiency, effectiveness, and vulnerability. This work includes special reviews of sensitive issues that can arise suddenly and congressional requests

for studies that require immediate attention. ISP may examine any area of the Department and is the lead OIG office for reporting on DHS intelligence, international affairs, civil rights and civil liberties, and science and technology. Inspectors use a variety of study methods and evaluation techniques to develop recommendations for DHS. Inspections reports are released to DHS, Congress, and the public.

The Office of Investigations (INV) investigates allegations of criminal, civil, and administrative misconduct involving DHS employees, contractors, grantees, and programs. These investigations can result in criminal prosecutions, fines, civil monetary penalties, administrative sanctions, and personnel actions. There is collaboration between INV and the separate OIG component offices. For example, during an investigation, if INV identifies a systemic vulnerability, deficiency, or irregularity, they would inform the relevant OIG component office such as EMO, OA, ITA, or ISP. Conversely, INV may receive referrals from OIG components alleging criminal, civil, or administrative misconduct that they identify during an inspection or audit. The office includes investigative staff working on Gulf Coast hurricane recovery operations. INV will also respond appropriately to investigations requested by a member of Congress.

The Office of Management (OM) provides administrative support functions, including strategic planning; development and implementation of administrative directives; information technology, including OIG's information and office automation systems; budget formulation and execution; correspondence control; human resources; acquisitions; facilities; asset management; security; training and workforce development; and oversight of the travel and accounting services provided to OIG on a reimbursable basis by the Bureau of the Public Debt. The office also prepares OIG's annual performance plan and semiannual reports to Congress.

SUMMARY OF SIGNIFICANT OIG ACTIVITY



DIRECTORATE FOR MANAGEMENT

MANAGEMENT REPORTS

Information Technology Management Letter for the FY 2012 Department of Homeland Security Financial Statement Audit

We contracted with the independent public accounting firm KPMG LLP (KPMG) to perform a review of DHS IT general controls in support of the FY 2012 DHS financial statement engagement. The overall objective of this review was to evaluate the effectiveness of IT general controls of DHS' financial processing environment and related IT infrastructure as necessary to support the engagement. KPMG also performed technical security testing for key network and system devices, as well as testing of key financial application controls. KPMG noted that DHS took corrective action to address many prior years' IT control weaknesses. However, during FY 2012, KPMG continued to find IT general control weaknesses at each component. The most significant weaknesses from a financial statement audit perspective related to entity-wide security, access controls, and service continuity. Collectively, the IT control weaknesses limit DHS' ability to ensure that critical financial and operational data is maintained in such a manner to ensure confidentiality, integrity, and availability. In addition, these weaknesses negatively impact the internal controls over DHS' 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-13-58, April 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-58_Apr13.pdf

The Office of Financial Management's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed the Office of Financial Management's internal control over financial reporting. The management letter discusses two observations for management's consideration identified during the FY 2012 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal controls or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the FY 2012 Department of Homeland Security *Annual Financial Report*. (OIG-13-70, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-70_Apr13.pdf

Technical Security Evaluation of DHS Activities at Hartsfield-Jackson Atlanta International Airport

We evaluated DHS and its organizational components' security programs at Hartsfield-Jackson Atlanta International Airport. Specifically, we addressed how U.S. Customs and Border Protection (CBP), U.S. Immigration and Customs Enforcement (ICE), and the Transportation Security Administration (TSA) had implemented computer security technical, management, and operational controls for their information technology assets at this site. This evaluation included onsite verification and validation of operational security controls, evaluation of technical security controls implemented on their servers, and reviews of applicable DHS policies, procedures, and other appropriate documentation. We briefed the DHS Chief Information Security Officer and the components on the results of our evaluation. The three components concurred with our recommendations. We issued six recommendations to CBP, eight to ICE, and six to TSA.

(OIG-13-104, July 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-104_Jul13.pdf

DIRECTORATE FOR NATIONAL PROTECTION AND PROGRAMS

MANAGEMENT REPORTS

National Protection and Programs Directorate's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed National Protection and Programs Directorate's internal control over financial reporting. The management letter discusses six observations for management's consideration identified during the FY 2012 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal controls or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the Department of Homeland Security FY 2012 *Annual Financial Report*.

(OIG-13-67, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-67_Apr13.pdf

DHS Can Take Actions To Address Its Additional Cybersecurity Responsibilities

The National Protection and Programs Directorate (NPPD) is primarily responsible for fulfilling the Department's cybersecurity mission. NPPD has taken actions to improve the information security posture at Government agencies. For example, the NPPD Federal Network Resilience division takes an active approach towards managing the annual *Federal Information Security Management Act* reporting process. Further, the division conducts information security assessments at selected Federal agencies. Although actions have been taken, NPPD can make further improvements. For example, the division must develop a strategic implementation plan that defines its long-term goals on improving agencies' information security programs. Further, increased communication and coordination with Government agencies can improve the FISMA reporting process.

Finally, NPPD must address the deficiencies in maintaining and tracking the training records of CyberScope contractor personnel as well as implement the required DHS baseline configuration settings. We made six recommendations aimed at addressing and improving NPPD's additional cybersecurity responsibilities. NPPD concurred with all six recommendations.

(OIG-13-95, June 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-95_Jun13.pdf

INVESTIGATIONS

FPS Employee and Company Officials Sentenced in Contract Steering Scheme

Along with several law enforcement partners, we investigated a senior Federal Protective Service (FPS) management official who was accepting bribes to direct contracts to a specific security company. We determined that the company had fraudulently applied for and received 8(a) minority-owned status, but was actually controlled and co-located with another (nonminority-owned) company. Both companies had won several DHS contracts, including one valued at more than \$48 million. Investigation proved a relationship of several years between the companies and the FPS employee, which included a consulting agreement for which fees were paid. The employee had formed a consulting company without reporting it to the FPS, as required. We determined he was in the process of steering a \$2.6 million contract to the company and had discussed steering another valued at \$18 million. When interviewed, the employee confessed to having taken bribes in excess of \$12,000 from the company. He resigned from the FPS, pleaded guilty and was sentenced to 15 months' confinement, 12 months of supervised release and ordered to forfeit assets of \$12,500.

The company president pleaded guilty and was sentenced to 72 months' confinement, 24 months of supervised release. Additionally, he was ordered to pay a fine of \$15,000 and to forfeit assets of \$6,149,730.

The nominal head of the fraudulent 8(a) company pleaded guilty and was sentenced to 48 months'

confinement and 36 months of supervised release. Additionally, she was ordered to pay a fine of \$1,000,000 and forfeit assets of \$1,232,145.

Three company employees pleaded guilty to fraud-related charges and received sentences that ranged from 15 months to 27 months confinement, with periods of supervised release to follow.

DIRECTORATE FOR SCIENCE AND TECHNOLOGY

MANAGEMENT REPORTS

Science and Technology Directorate's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed the Science and Technology Directorate's internal control over financial reporting. The management letter discusses six observations for management's consideration identified during the FY 2012 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal controls or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the Department of Homeland Security FY 2012 *Annual Financial Report*.

(OIG-13-69, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-69_Apr13.pdf

DOMESTIC NUCLEAR DETECTION OFFICE

MANAGEMENT REPORTS

Domestic Nuclear Detection Office's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed the Domestic Nuclear Detection Office's internal

control over financial reporting. The management letter discusses two observations for management's consideration identified during the FY 2012 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal controls or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the Department of Homeland Security fiscal year 2012 *Annual Financial Report*.

(OIG-13-71, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-71_Apr13.pdf

FEDERAL EMERGENCY MANAGEMENT AGENCY

MANAGEMENT REPORTS

Mississippi's Management of State Homeland Security Program Grants Awarded during Fiscal Years 2008 through 2010

The audit objectives were to determine whether the State of Mississippi distributed and spent State Homeland Security Program (SHSP) and Urban Areas Security Initiative (UASI) grant funds (1) effectively and efficiently and (2) in compliance with applicable Federal laws and regulations. The audit included a review of \$19.3 million in SHSP grants awarded to the State during fiscal years 2008 through 2010. The state did not receive UASI funds during this period. In some instances, the State distributed and spent SHSP grant funds in compliance with applicable Federal laws and regulations. However, the State needs to improve in the following areas to enhance its management of SHSP grants: (1) strategic planning, (2) grant fund allocation, (3) monitoring subgrantee activities and use of purchased equipment, (4) sole source procurements, (5) property management controls and accountability, and (6) personnel time charges. We made 12 recommendations to FEMA, which if implemented, should strengthen program management, performance, and oversight. FEMA

concurring with our recommendations and is taking steps or planning to take steps for corrective actions.

(OIG-13-72, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-72_Apr13.pdf

Costs Claimed by Kinder Morgan Liquid Terminals LLC under Port Security Grants Awarded by the Federal Emergency Management Agency

The objective of this audit was to determine whether costs claimed by Kinder Morgan were allowable, allocable, and reasonable according to the funding agreements and applicable Federal requirements. In addition, we examined the support for expenditures and jobs data contained in the quarterly recipient reports submitted to “FederalReporting.gov” and in the financial status reports submitted to FEMA. We determined that project costs of \$1,071,891 were allowable, allocable, and reasonable. We also determined that Kinder Morgan had complied with the *American Recovery and Reinvestment Act* (Recovery Act) requirements for submitting quarterly reports to the Federal Government. However, we noted instances of incorrect expenditure data in the quarterly reports submitted to FederalReporting.gov and in the financial status reports submitted to FEMA. We recommended that FEMA’s grant officer ensure that Kinder Morgan institutes sufficient controls over quarterly reporting to make sure that expenditures are accurately reported. The Associate Administrator concurred with the recommendation.

(OIG-13-73, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-73_Apr13.pdf

North Carolina’s Management of Homeland Security Program Grants Awarded during Fiscal Years 2008 through 2010

We reviewed the State of North Carolina’s management of SHSP and UASI grants awarded during fiscal years 2008 through 2010. The objective was to determine whether the State of North Carolina distributed and spent SHSP and

UASI grant funds (1) effectively and efficiently, and (2) in compliance with applicable Federal laws and regulations, as well as DHS guidelines governing the use of such funding.

In most instances, the North Carolina Division of Emergency Management administered its grant programs in compliance with requirements in Federal grant guidance and regulations and DHS guidelines. However, the State needs to improve and update the State and Urban Areas Security Initiative Homeland Security Strategies, as well as the Charlotte Urban Area’s risk assessment; comply with grant program requirements; and enhance its performance measures. We made eight recommendations to FEMA, the State of North Carolina, and the Charlotte Urban Area, which if implemented, should strengthen program management, performance, and oversight. FEMA concurred with all eight recommendations.

(OIG-13-74, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-74_Apr13.pdf

Federal Emergency Management Agency’s Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed FEMA’s internal control over financial reporting. The management letter discusses 27 observations for management’s consideration identified during the FY 2012 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal controls or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors’ Report on DHS’ FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the Department of Homeland Security FY 2012 *Annual Financial Report*.

(OIG-13-75, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-75_Apr13.pdf

FEMA Can Improve Its Purchase Controls at Joint Field Offices

FEMA spends millions of dollars each year purchasing goods and services at its Joint Field Offices (JFO) to assist state and local governments in disaster affected areas. After Hurricane Irene in 2011, we tested the internal controls of FEMA's goods and services purchasing process. We determined that FEMA did not take advantage of cost savings that were available through strategic sourcing and that they should implement an agency-wide electronic tracking system for JFO acquisitions. The report addressed each of these areas and made two recommendations for improvements. (OIG-13-77, April 2013, EMO)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-77_Apr13.pdf

Costs Claimed by Metropolitan Transportation Authority of New York under Transit Security Grants

We sought to determine whether costs claimed by the Metropolitan Transportation Authority of New York were allowable, allocable, and reasonable according to the funding agreement and applicable Federal requirements. We questioned \$6,284,342 in costs for replacement officers' salaries because the activity was not covered by the grant agreement. We made one recommendation to address questioned costs. FEMA agreed to resolve the question of \$6,284,342 costs of new-hire salaries. The New York City Police Department supplied a revised Operational Proposal to delineate the costs for new-hire salaries. On September 12, 2012, FEMA approved this amended Operational Proposal and allowed the reimbursement of costs for new-hire salaries. (OIG-13-83, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-83_Apr13.pdf

FEMA's Initial Response to Hurricane Isaac in Louisiana Was Effective and Efficient

OIG evaluated FEMA's initial response to Hurricane Isaac in Louisiana from early September to mid-October 2012. FEMA's response to Hurricane Isaac was overall very effective and efficient. Normally, FEMA requires several days to deploy in response to a disaster. In this case, FEMA was fortunate to have facilities and staff already operating in Louisiana when Hurricane Isaac made landfall. The ability to draw upon these resources allowed FEMA to respond faster and more effectively than usual. FEMA prepared well for this disaster, faced challenges with innovative solutions, quickly resolved resource shortfalls, made efficient disaster sourcing decisions, and coordinated its activities effectively with State and local officials. All disasters generate unexpected issues, but the FEMA disaster team was able to adjust and adapt quickly to fulfill its mission.

(OIG-13-84, April 2013, EMO)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-84_Apr13.pdf

The State of New York Needs To Sign Mission Assignments Quickly

In response to Hurricane Sandy's unprecedented damage, FEMA issued more than 200 mission assignments totaling \$657.8 million to support response and recovery activities in New York and New Jersey. More than 2 months after Hurricane Sandy made landfall, New York had not signed 12 Direct Federal Assistance mission assignments totaling \$47 million. FEMA could have been responsible for about \$11.7 million if New York did not accept its 25 percent state financial responsibility for mission assigned tasks. While New York ultimately signed all mission assignments, these documents should have been signed much sooner, and before OIG made inquiries.

(OIG-13-85, April 2013, EMO)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-85_Apr13.pdf

Federal Emergency Management Agency Privacy Stewardship

FEMA collects, uses, maintains, and disseminates significant amounts of personally identifiable information (PII) to prepare for, prevent, respond to, and recover from domestic disasters and emergencies. FEMA established a privacy office that, among other functions, prepares reports on FEMA's privacy activities to the DHS Privacy Office, reviews suspected privacy incidents, and oversees FEMA's privacy training. We determined that while the FEMA Privacy Office has plans and activities to instill a culture of privacy and comply with Federal privacy laws and regulations, there are number of challenges in ensuring that PII is protected. Specifically, FEMA needs an accurate inventory of its systems that affect privacy; a complete privacy compliance analysis and documentation for 430 unauthorized information technology systems; and, an effective system to enforce the standardized privacy training requirement for all employees and contractors who handle PII. In addition, FEMA needs to implement ongoing privacy assessments at disaster relief sites to identify risks; appropriate privacy safeguards for PII collected during field operations; and, specialized field training for the disaster relief workforce on proper procedures for collecting and handling PII from applicants. (OIG-13-87, May 2013, ITA)
http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-87_May13.pdf

Capping Report: FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits

Of the 59 grant and subgrant audit reports we issued in FY 2012, 54 reports contained 187 recommendations resulting in potential monetary benefits of \$415.6 million. This amount included \$267.9 million in questioned costs that we recommended FEMA disallow as ineligible or unsupported and \$147.7 million in unused funds that we recommended FEMA deobligate and put to better use. The \$415.6 million in potential

monetary benefits represents 33 percent of the \$1.25 billion we audited. This year's increase in potential monetary benefits is due in part to increases in Funds Put to Better Use stemming from problems with project cost estimating or funds that other Federal agencies should have provided. This report made no formal recommendations, but rather provided a means for FEMA to (1) examine its regulations, policies, and procedures and assess the need for changes based on the recurring nature of our findings and (2) inform state emergency management officials (i.e., program grantees) of grant and subgrant activities that should be avoided or implemented. (OIG-13-90, May 2013, EMO)
http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-90_May13.pdf

FEMA Deployed the Appropriate Number of Community Relations Employees in Response to Hurricane Irene and Tropical Storm Lee

Disaster Assistance Employees (DAEs) who perform community relations work assess critical disaster survivor needs; ensure that disaster survivors have an understanding of and access to assistance programs; and help manage expectations of the local community. Their workload is substantial and often in communities with limited English proficiency or areas with large populations of the most vulnerable residents. In response to Hurricane Irene and Tropical Storm Lee, FEMA deployed more than 800 DAEs to perform community relations work.

We concluded that, given these disasters' magnitude and number of people affected, FEMA deployed the appropriate number of DAEs to perform community relations work. This amount was well within FEMA's staffing level targets and compares favorably with the total number of reservists deployed in response to the disasters. FEMA generally managed the deployments in a manner consistent with achieving efficient Joint Field Office operations. We made no recommendations.

FEMA concurred with our report and its conclusion.

(OIG-13-94, May 2013, EMO)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-94_May13.pdf

FEMA's Efforts To Recoup Improper Payments in Accordance with the Disaster Assistance Recoupment Fairness Act of 2011 (6)

Our final letter report, *FEMA's Efforts To Recoup Improper Payments in Accordance with the Disaster Assistance Recoupment Fairness Act of 2011 (6)*, assesses the cost effectiveness of FEMA's efforts to recoup improper payments in accordance with the *Disaster Assistance Recoupment Fairness Act of 2011 (DARFA)*. FEMA's effort to recoup improper payments in accordance with DARFA was cost effective. Congress passed the DARFA legislation in an attempt to mitigate the consequences caused by the improper payments made by FEMA to individuals receiving disaster assistance subsequent to Hurricane Katrina and ending with disasters in December 2010. Congress could have drafted legislation that waived all such debt or created a process that provided FEMA the authority to waive the debt. Congress chose the latter. Because FEMA spent approximately \$13.9 million on DARFA-related activities and is scheduled to collect more than \$15.2 million from debtors that did not meet DARFA requirements to receive a waiver, it was cost effective for FEMA to reevaluate the appropriateness of collecting the debt specified in the DARFA legislation. In addition, FEMA could collect an additional \$281 million from debtors that never responded to Notice of Waiver letters significantly increasing cost effectiveness.

Although FEMA's processing of DARFA cases was cost effective, FEMA did not adequately document about \$58 million in potential improper payments it previously considered not warranted for recoupment. Specifically, FEMA determined that more than \$225 million in potential debts did not warrant recoupment. However, FEMA could only provide potential debt amounts totaling about \$167 million.

We made two recommendations aimed at improving FEMA's reviews and processes of future debt recoupment cases. FEMA did not respond to these recommendations.

(OIG-13-100, June 2013, EMO)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-100_Jun13.pdf

Unless Modified, FEMA's Temporary Housing Plans Will Increase Costs by an Estimated \$76 Million Annually

Since 2005, FEMA has improved the quality of its temporary housing units. FEMA resolved the unhealthy formaldehyde levels and the fire hazards related to the temporary housing units. A major contributing factor to improved housing conditions was FEMA's decision to discontinue the use of travel trailers designed for recreational use, which were the source of many of the previous health and safety problems. Instead, FEMA provided survivors with manufactured housing units certified by the U.S. Department of Housing and Urban Development (HUD), along with smaller park models that are not certified. However, in 2012, FEMA announced that it would no longer use park models as a housing option, and instead would use only manufactured housing certified by HUD. Unless FEMA takes actions to ensure that it maintains the ability to use temporary housing units similar in size to the park model, based on our analysis, this decision will increase program costs by \$76 million for a 12-month deployment and may hinder FEMA's ability to provide shelter to disaster survivors quickly.

We recommend that FEMA provide a comparable housing alternative to the park model unit that (1) allows disaster survivors, when possible, to stay close to their home and (2) is cost effective, saving an estimated \$76 million annually.

(OIG-13-102, June 2013, EMO)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-102_Jun13.pdf

Nebraska’s Management of Homeland Security Grant Program Awards for Fiscal Years 2009 through 2011

The State of Nebraska received \$19.3 million in SHSP and UASI grants awarded by FEMA during FYs 2009 through 2011. We audited these grants to determine whether the State of Nebraska distributed and spent SHSP and UASI grant funds (1) effectively and efficiently and (2) in compliance with applicable Federal laws and regulations.

The State of Nebraska developed written procedures for program administration; ensured that grant expenditures for equipment and planning, training, exercises, and administrative activities were allowable; complied with grant reporting requirements; and the State’s and Omaha Urban Area’s Homeland Security strategies linked goals and objectives to national priorities and DHS mission areas in compliance with applicable Federal guidance.

However, the State needs to improve in the following areas to enhance its management of SHSP and UASI grants: (1) strategic planning, (2) State’s grant allocation process, (3) timeliness of fund obligations, (4) property management and inventory controls, (5) compliance with procurement requirements, and (6) monitoring of subgrantees.

We made seven recommendations to FEMA, which if implemented, should strengthen program management, performance, and oversight. FEMA concurred with six of our recommendations and is taking steps or planning to take steps for corrective actions. The State concurred with the intent of the remaining recommendation.

(OIG-13-109, August 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-109_Aug13.pdf

Costs Incurred by the Washington Metropolitan Area Transit Authority under Transit Security Grant No. 2009-RA-R1-0102

We determined that the reimbursed project costs of \$1,058,080 were allowable, allocable, and

reasonable. In addition, we reviewed \$2,701,174 of the \$7,590,766 in reported project costs and determined that these costs were allowable, allocable, and reasonable. However, we identified three areas in which FEMA and the Washington Metropolitan Area Transit Authority (WMATA) can improve the management of the Recovery Act Transit Security Grant: (1) WMATA inaccurately reported \$194,284 in fringe benefit costs on its Federal Financial Report; (2) WMATA did not disclose more than \$4.7 million in grant-related expenditures in fiscal years 2010 and 2011 as required by Federal regulations; and (3) WMATA did not manage all grant-funded equipment inventory according to Federal regulations. We made three recommendations, which if implemented, will strengthen grant program management, performance, and oversight. FEMA concurred with all three recommendations and is taking action to address them.

(OIG-13-112, August 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-112_Aug13.pdf

FEMA’s Initial Response in New Jersey to Hurricane Sandy

Hurricane Sandy made landfall in the United States on October 29, 2012. Before landfall, President Obama made an emergency declaration, thus allowing FEMA to start disaster response. FEMA’s Federal partners engaged, and commodities and personnel were sent to the projected hit area. Days after Sandy made landfall, we sent an Emergency Management Oversight Team to the affected area to evaluate FEMA’s initial response to Hurricane Sandy in New Jersey. We determined that FEMA performed effectively and efficiently during that first month, overcoming obstacles as they arose, such as a new timekeeping system and misclassified personnel. FEMA and New Jersey emergency personnel forged a strong partnership.

We did not make any recommendations. FEMA concurred with our report and its conclusion.

(OIG-13-117, September 2013, EMO)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-117_Sep13.pdf

FEMA's Initial Response in New York to Hurricane Sandy

Hurricane Sandy made landfall in the United States on October 29, 2012. Before landfall, President Obama made an emergency declaration, thus allowing FEMA to start disaster response. On October 30, 2012, the President made a major disaster declaration for Individual Assistance and Public Assistance in seven counties in New York. Within days after Sandy made landfall, we sent an Emergency Management Oversight Team to the affected area to evaluate FEMA's initial response to the disaster. We concluded that FEMA performed well in its initial response to Hurricane Sandy in New York. FEMA proactively deployed staff to the Regional Response Coordination Center and the JFO. FEMA prepared well for this disaster, faced challenges with innovative solutions, quickly resolved resource shortfalls, made efficient disaster sourcing decisions, and coordinated its activities effectively with state and local officials. We made no recommendations. FEMA concurred with our report and its conclusion.

(OIG-13-124, September 2013, EMO)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-124_Sep13.pdf

DISASTER ASSISTANCE GRANTS

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended (Stafford Act), governs disasters declared by the President of the United States. Title 44 of the Code of Federal Regulations (CFR) 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 32 disaster assistance grant reports during the period. Those reports disclosed questioned costs totaling \$81,824,758, of which \$4,297,540 was unsupported. A list of the reports, including questioned costs and unsupported costs, is provided in appendix 4.

The City of Macon, Georgia, Successfully Managed FEMA Public Assistance Funds Awarded for Severe Storms in May 2008

The City of Macon, Georgia, (City) received a Public Assistance (PA) award of \$3.9 million from the Georgia Emergency Management Agency, a FEMA grantee, for damages resulting from severe storms and tornadoes, which occurred in May 2008. The award provided 75 percent FEMA funding for debris removal activities and emergency protective measures. We reviewed costs totaling \$3.5 million claimed under three large projects. We determined that the City accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines for the three projects included in our review.

(DA-13-14, April 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-14_Apr13.pdf

Contract Dispute Delaying Hurricane Shelters at George County, Mississippi: Interim Report on FEMA Hazard Mitigation Grant Program Funds Awarded to George County, Mississippi

George County, Mississippi, (County) received a \$4.1 million Hazard Mitigation Grant Program award from the Mississippi Emergency Management Agency (State), a FEMA grantee, to implement hazard mitigation measures following Hurricane Katrina. We identified an issue during our audit of \$3.4 million provided for the construction of two emergency shelters in the county that required immediate attention by FEMA. Disputes between the County and its contractor were delaying the opening of the relatively complete storm shelters. We recommended that the Regional Administrator, FEMA Region IV, work closely with the State, County, and contractor representatives to resolve issues that are delaying the two shelter projects from being available to help protect County residents against hurricanes and other extreme weather events.

(DA-13-15, May 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-15_May13.pdf

FEMA Should Recover \$129,248 of Public Assistance Grant Funds Awarded to City of Palm Beach Gardens, Florida — Hurricane Wilma

The City of Palm Beach Gardens, Florida, (City) received a PA grant award of \$3.3 million from the Florida Division of Emergency Management (State), a FEMA grantee, for damages resulting from Hurricane Wilma, which occurred in October 2005. The award provided 100 percent FEMA funding for debris removal activities, emergency protective measures, and permanent repairs to buildings and other facilities. We audited four large projects and six small projects with awards totaling \$2.5 million. Although the City generally accounted for FEMA projects according to Federal regulations and FEMA guidelines, its claim included \$129,248 of ineligible costs that were either covered by insurance or another Federal agency, or were unsupported. We recommended that the Regional Administrator, FEMA Region IV: (1) disallow \$45,372 for insurance recoveries not credited to FEMA projects unless the City can provide additional evidence showing that the insurance allocation was correct, (2) disallow \$2,168 for Federal Highway Administration proceeds not credited to the FEMA award unless the City can provide additional evidence showing that the Federal Highway Administration funds should not be allocated to the FEMA project, and (3) disallow \$81,708 of unsupported contract charges billed for debris removal activities unless the City can provide additional evidence supporting those charges.

(DA-13-16, June 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-16_Jun13.pdf

FEMA Should Recover \$3.5 million of Public Assistance Grant Funds Awarded to the City of Gautier, Mississippi – Hurricane Katrina

The City of Gautier, Mississippi, (City) received a PA grant award of \$5.3 million from the Mississippi Emergency Management Agency (State), a FEMA grantee, for damages resulting from Hurricane Katrina, which occurred in August 2005. The award provided 100 percent FEMA funding for debris removal activities, emergency protective measures, and permanent repairs to buildings and facilities. We reviewed

costs totaling \$4.6 million. The City accounted for FEMA projects on a project-by-project basis as required by Federal regulations and FEMA guidelines. However, the City did not comply with Federal procurement requirements when awarding contracts totaling \$3,089,557 for non-emergency and permanent repair work. In addition, the City did not adequately support and ensure eligibility of claimed costs totaling \$372,858. We recommended that the Regional Administrator, FEMA Region IV: (1) disallow the questioned costs of \$3.5 million, (2) instruct the State to remind subgrantees to comply with Federal procurement regulations and FEMA guidelines when acquiring goods and services under the FEMA award, and (3) reemphasize to the State and FEMA Region IV Public Assistance personnel the need for an adequate review of costs claimed by subgrantees. (DA-13-17, June 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-17_Jun13.pdf

FEMA Should Recover \$4.1 Million of Public Assistance Grant Funds Awarded to Orlando Utilities Commission — Hurricane Charley

The Orlando Utilities Commission, Florida, (Utility) received an award of \$17.1 million from the Florida Division of Emergency Management (State), a FEMA grantee, for damages resulting from Hurricane Charley, which occurred in August 2004. The award provided 90 percent FEMA funding for debris removal activities, emergency protective measures, repair of the electric transmission and distribution system, and other disaster related activities. We reviewed costs totaling \$12.8 million. We concluded that the Utility generally accounted for FEMA funds according to Federal regulations and FEMA guidelines, its claim included \$4,067,504 for contract work that did not meet Federal procurement requirements and FEMA guidelines. We also determined that the State and FEMA could have done a better job of reviewing the eligibility of costs claimed by the Utility during their closeout process. We recommended that the Regional Administrator, FEMA Region IV, (1) disallow \$4.1 million (Federal share \$3.1 million) of ineligible costs for contracts unless FEMA grants the Utility an exception for all or

part of the costs as provided for in 44 CFR 13.6(c) and Section 705(c) of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended, and determines the costs were reasonable; (2) instruct the State to remind the Utility that it is required to comply with Federal procurement standards when acquiring goods and services under a FEMA award; and (3) reemphasize to the State and FEMA Region IV PA personnel of the need to adequately review costs claimed by subgrantees for adherence to Federal regulations and FEMA guidelines.

(DA-13-18, June 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-18_Jun13.pdf

FEMA Should Recover \$401,046 of Public Assistance Grant Funds Awarded to City of Palm Beach Gardens, Florida — Hurricanes Frances and Jeanne

The City of Palm Beach Gardens, Florida, (City) received PA grant awards totaling \$5.6 million from the Florida Division of Emergency Management (State), a FEMA grantee, for damages resulting from Hurricanes Frances and Jeanne, which occurred in September 2004. The awards provided 100 percent FEMA funding for the first 72 hours of emergency protective measures and debris removal activities, and 90 percent funding thereafter for these and all other activities. We audited awards totaling \$4.3 million under the two disasters. Although the City accounted for expenditures on a project-by-project basis as required by Federal regulations and FEMA guidelines, its claim included \$401,046 (Federal share \$360,942) of ineligible costs, which consisted of \$63,214 covered by insurance proceeds, \$31,214 covered by another Federal agency, and \$306,618 that were unsupported. We recommended that the Regional Administrator, FEMA Region IV: (1) disallow \$39,575 (Federal share \$35,618) for insurance recoveries not credited to FEMA projects under Hurricane Frances unless the City can provide additional evidence showing that the insurance allocation was correct; (2) disallow \$11,139 (Federal share \$10,025) for insurance recoveries not credited to FEMA projects under Hurricane Jeanne unless the City can provide additional evidence showing that the insurance

allocation was correct; (3) disallow \$12,500 (\$11,250 Federal share) under Hurricane Jeanne for insurance recoveries not credited to FEMA projects unless the City can provide additional evidence showing that the insurance allocation was correct; (4) disallow \$22,564 (Federal share \$20,308) for Federal Highway Administration funds received for debris removal activities that were not credited to FEMA projects under Hurricane Frances unless the City can provide additional evidence showing that the funds should not be allocated to the FEMA project; (5) disallow \$8,650 (Federal share \$7,785) for Federal Highway Administration funds received for debris removal activities that were not credited to FEMA projects under Hurricane Jeanne unless the City can provide additional evidence showing that the funds should not be allocated to the FEMA project; and (6) disallow \$306,618 (Federal share \$275,956) under Hurricane Jeanne for unsupported project costs unless the City can provide additional evidence supporting those charges.

(DA-13-19, June 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-19_Jun13.pdf

FEMA Should Recover \$3.8 Million of Public Assistance Grant Funds Awarded to Kenergy Corporation, Henderson, Kentucky

Kenergy Corporation (Kenergy) located in Henderson, Kentucky, received an award of \$31.2 million from the Kentucky Division of Emergency Management (State), a FEMA grantee, for damages resulting from a severe winter storm, which occurred in January 2009. The award provided 75 percent FEMA funding for debris removal activities, emergency protective measures and permanent repair to the electric distribution system. We reviewed costs totaling \$32.4 million. FEMA should recover \$3,772,496 (Federal share \$2,829,373) of grant funding awarded to Kenergy. Although Kenergy generally accounted for FEMA funds according to Federal regulations and FEMA guidelines, it did not comply with Federal procurement requirements when awarding contracts valued at \$1,989,277 for permanent repairs to its electrical distribution system. In addition, Kenergy's claim included \$1,783,219 of questionable costs. We recommended that the Regional

Administrator, FEMA Region IV: (1) disallow \$1,989,277 of ineligible costs for contracts unless FEMA grants Kenegy an exception for all or part of the costs as provided for in 2 CFR 215.4 and Section 705(c) of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended, and determines the costs were reasonable, (2) instruct the State to remind Kenegy that it is required to comply with Federal procurement standards when acquiring goods and services under a FEMA award, (3) disallow the \$1,783,219 of questionable costs, and (4) reemphasize to the State its responsibility to adequately review costs claimed by subgrantees for adherence to Federal regulations and FEMA guidelines.
(DA-13-20, June 2013, EMO)
http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-20_Jun13.pdf

Palm Beach County, Florida, Appropriately Expended \$4.8 Million of FEMA Public Assistance Funds Awarded for Beach Renourishment Activities under Tropical Storm Fay

Palm Beach County, Florida, (County) received a PA award totaling \$5.1 million from the Florida Division of Emergency Management (State), a FEMA grantee, for damages resulting from Tropical Storm Fay, which occurred in August 2008. The award provided 75 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to buildings, roads, and recreational facilities. We limited our audit to \$4.8 million awarded under projects for beach renourishment activities. The County generally expended \$4.8 million of PA grant funds according to Federal regulations and FEMA guidelines for the three projects included in our review. However, it did not account for the project expenditures on a project-by-project basis as required. We recommended that FEMA instruct the State to reemphasize to the County its need to account for FEMA project expenditures on a project-by-project basis as required by Federal regulations.
(DA-13-21, July 2013, EMO)
http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-21_Jul13.pdf

FEMA Should Recover \$1.6 Million of Public Assistance Grant Funds Awarded to Palm Beach County, Florida – Hurricane Frances

Palm Beach County, Florida, (County) received a PA award of \$40.1 million from the Florida Division of Emergency Management (State), a FEMA grantee, for damages resulting from Hurricane Frances, which occurred in September 2004. The award provided 100 percent FEMA funding for the first 72 hours of emergency protective measures and debris removal activities, and 90 percent funding thereafter for these two activities, and permanent repairs to buildings, roads, and recreational facilities. We limited our audit to \$24.7 million awarded under projects for debris removal, emergency protective measures, and permanent repairs to buildings and recreational facilities. We concluded that the County did not account for projects on a project-by-project basis as required by Federal regulations and FEMA guidelines. In addition, we questioned \$1.6 million of costs claimed under the award, which consisted of unsupported contract costs, costs covered by insurance, ineligible project costs, duplicate benefits, excessive costs, and ineligible administrative costs. The report contained eight recommendations to the Regional Administrator, FEMA Region IV, for recovering the \$1.6 million of questioned costs, conducting a full review of the County's statement of insurance losses and proceeds, and reemphasizing to the State its responsibility to adequately review costs claimed by subgrantees for adherence to Federal regulations and FEMA guidelines.
(DA-13-22, July 2013, EMO)
http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-22_Jul13.pdf

FEMA Should Recover \$4.9 Million Public Assistance Grant Awarded to Palm Beach County, Florida - Hurricane Wilma

Palm Beach County, Florida, (County) received a PA award of \$31.6 million from the Florida Division Emergency Management Agency (State), a FEMA grantee, for damages resulting from Hurricane Wilma, which occurred in October 2005. The award provided 100 percent FEMA funding for debris removal and emergency

protective measures, and permanent repairs to buildings and facilities. We limited our audit to \$18.2 million awarded under projects for debris removal and emergency protective measures, and permanent repairs to buildings and recreational facilities. Although the County generally accounted for FEMA projects according to Federal regulations and FEMA guidelines, the County's claim included \$3.0 million of questionable costs. We also determined that FEMA should deobligate \$1.9 million of project funding because work under the project is complete, and the funding is no longer needed. The report contained nine recommendations to the Regional Administrator, FEMA Region IV, for recovering the \$3.0 million of questioned costs; deobligating the \$1.8 million of unneeded project funding; instructing the State to remind the County that it is required to comply with Federal procurement standards when acquiring goods and services under FEMA awards; conducting a full review of the County's statement of insurance losses and proceeds; and reemphasizing to the State its responsibility for an adequate review of costs claimed by subgrantees for adherence to Federal regulations and FEMA guidelines.

(DA-13-23, July 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-23_Jul13.pdf

FEMA Should Recover \$951,221 of Public Assistance Grant Funds Awarded to Palm Beach County, Florida – Hurricane Jeanne

Palm Beach County, Florida, (County) received a PA award of \$47.9 million from the Florida Division of Emergency Management (State), a FEMA grantee, for damages resulting from Hurricane Jeanne, which occurred in September 2004. The award provided 100 percent FEMA funding for the first 72 hours of emergency protective measures and debris removal activities, and 90 percent funding thereafter for these two activities. The award also provided 90 percent FEMA funding for permanent repairs to buildings, roads, and recreational facilities. We limited our audit to \$29.2 million awarded under projects for debris removal, emergency protective measures, permanent repairs to buildings and recreational

facilities. We reported that the County did not account for projects on a project-by-project basis as required by Federal regulations and FEMA guidelines. In addition, we identified \$951,221 of costs that we questioned, which consisted of unsupported contract costs, ineligible project costs, duplicate benefits, and ineligible administrative costs. We made five recommendations to the Regional Administrator, FEMA Region IV, for recovering the questioned costs, and instructed the State to reemphasize to the County its need to account for project expenditures on a project-by-project basis as required by Federal regulations and FEMA guidelines.

(DA-13-24, July 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-24_Jul13.pdf

Pennsylvania Department of Conservation and Natural Resources Appropriately Expended \$33.6 Million of FEMA Public Assistance Funds

The Pennsylvania Department of Conservation and Natural Resources (DCNR) received awards totaling \$33.6 million for damages caused by three separate disasters. These disasters involved severe storms, flooding, and mudslides occurring on September 17, 2004, April 2, 2005, and June 23, 2006.

We determined that DCNR expended public assistance funds according to Federal regulations and FEMA guidelines.

(DA-13-25, September 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-25_Sep13.pdf

FEMA Should Recover \$234,034 of Public Assistance Grant Funds Awarded to City of Daytona Beach, Florida – Hurricane Charley

The City of Daytona Beach, Florida, (City) received a PA award of \$3.0 million from the Florida Division of Emergency Management, a FEMA grantee, for damages resulting from Hurricane Charley, which occurred in August 2004. The award provided 100 percent FEMA funding for the first 72 hours of debris removal and emergency protective measures undertaken as a result of the disaster and 90 percent funding thereafter.

The award also provided 90 percent funding for permanent repairs to buildings and other facilities. We reviewed projects with awards totaling \$1.9 million. The City generally accounted for FEMA funds according to Federal regulations and FEMA guidelines. However, its claim included \$234,034 (Federal share \$224,117) of questionable costs, which consisted of \$173,077 of unsupported equipment costs, \$55,551 of ineligible debris disposal costs, and \$5,406 of costs for small projects not completed. We recommended that the Regional Administrator, FEMA Region IV, (1) disallow \$173,077 (Federal share \$169,256) of unsupported costs unless the City can provide additional evidence to support the costs claimed, (2) disallow \$55,551 (Federal share \$49,996) of ineligible debris disposal costs claimed for lost landfill capacity from disaster-related mulch, and (3) disallow \$5,406 (Federal share \$4,865) of ineligible costs for work not completed unless the City can provide additional evidence that it completed the project.

(DA-13-26, September 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-26_Sep13.pdf

FEMA Should Recover \$209,170 of Public Assistance Grant Funds Awarded to City of Daytona Beach, Florida – Hurricane Frances

The City of Daytona Beach, Florida, (City) received a PA award totaling \$2.6 million from the Florida Division Department of Emergency Management (State), a FEMA grantee, for damages resulting from Hurricane Frances, which occurred in September 2004. The award provided 100 percent FEMA funding for the first 72 hours of debris removal and emergency protective measures undertaken as a result of the disaster and 90 percent funding thereafter. The award also provided 90 percent funding for permanent repairs to buildings and other facilities. We reviewed projects with awards totaling \$1.8 million. The City generally accounted for FEMA funds according to Federal regulations and FEMA guidelines. However, its claim included \$209,170 (Federal share \$203,471) of questionable costs, which consisted of \$152,176 of unsupported equipment costs, \$55,969 of ineligible debris

disposal costs, and \$1,025 of costs for small projects not completed. We recommended that the Regional Administrator, FEMA Region IV, (1) disallow \$152,176 (Federal share \$152,176) of unsupported costs unless the City can provide additional evidence to support the costs claimed, (2) disallow \$55,969 (Federal share \$50,372) of ineligible debris disposal costs, and (3) disallow \$1,025 (Federal share \$923) of ineligible costs for work not completed unless the City can provide additional evidence that it completed the project. (DA-13-27, September 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-27_Sep13.pdf

Big Rivers Electric Corporation Meets FEMA's Eligibility Requirements for Participation in the Public Assistance Program

Big Rivers Electric Corporation, Henderson, Kentucky (Big Rivers) received an award of \$1.8 million from the Kentucky Division of Emergency Management, a FEMA grantee, for damages resulting from a severe winter storm, which occurred in January 2009. We limited the audit to determining whether Big Rivers (1) met FEMA's eligibility requirements to participate in the PA program and (2) was legally responsible for disaster-related repairs. We did not review the eligibility and appropriateness of individual costs claimed under the FEMA award. The report stated that Big Rivers qualifies as a non-profit organization within the Commonwealth of Kentucky and, therefore, is eligible to receive financial assistance under FEMA's PA program. Big Rivers is also legally responsible for disaster-related repairs to its facilities. This report contained no recommendations.

(DA-13-28, September 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DA-13-28_Sep13.pdf

FEMA Should Disallow \$4.1 Million of the \$48.5 Million Public Assistance Grant Awarded to ARK Valley Electric Cooperative, Kansas

ARK Valley Electric Cooperative (Cooperative) received an award of \$48.5 million for damages resulting from severe winter storms that occurred December 6 through 19, 2007. The Cooperative did not comply with Federal procurement

regulations or use written contracts in awarding \$4.1 million for architectural and design work to three contractors. This occurred because the Kansas Division of Emergency Management (KDEM) did not adequately manage the Cooperative's subgrant activity and did not ensure the Cooperative complied with applicable Federal procurement standards.

We recommended FEMA disallow \$4.1 million of improperly procured contract costs as ineligible, unless FEMA grants an exemption for all or part of the costs. We also recommended that FEMA require KDEM to develop and implement procedures to monitor subgrant activities adequately and to ensure subgrantees follow Federal procurement standards.

(DD-13-08, April 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DD-13-08_Apr13.pdf

FEMA Should Recover \$13.8 Million in FEMA Public Assistance Funds Awarded to Cedar Rapids, Iowa, for Ineligible Hydroelectric Plant

The City of Cedar Rapids, Iowa, (City) received an award of \$330 million from the Iowa Homeland Security and Emergency Management Division, a FEMA grantee, for damages caused by severe flooding that occurred May 25, to August 13, 2008. The City's hydroelectric facility was inactive at the time of the Federally-declared disaster and did not meet any of the three exceptions to FEMA's inactive facility regulation. Further, the City included inaccurate information in its appeals to FEMA regarding its budget and how much it would cost and how long it would take to repair preexisting, non-Federally-declared, ice damage to its hydroelectric facility. FEMA headquarters relied on this information when deciding to rule in favor of the city's second appeal and may have ruled differently had the city submitted accurate information. Therefore, FEMA headquarters should reconsider its eligibility determination and direct FEMA Region VII to deobligate the \$13,786,951 planned for the project and put those Federal funds to better use.

(DD-13-09, May 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DD-13-09_May13.pdf

FEMA Region VI Should Ensure the Cost Effectiveness of Texas Hazard Mitigation Grant Projects

We summarized the results of four Hazard Mitigation Grant Program (HMGP) audits we conducted in the State of Texas and identified additional conditions that warrant further Regional attention. As a result of three major disasters the President declared between June 2001 and January 2006 in the State of Texas, four subgrantees received \$68 million in HMGP grants from the Texas Division of Emergency Management (TDEM), a FEMA grantee. In these reports, we questioned \$17.7 million, or 26 percent of the \$68 million. The majority of our questioned costs related to projects that were not cost-effective and, therefore, did not meet FEMA eligibility requirements. Further, a scope limitation in one of our audits precluded us from reviewing the cost effectiveness of six projects totaling \$31.4 million. Had we been able to review the cost effectiveness of these projects, the total amount we questioned might have increased significantly. We also questioned ineligible project costs TDEM reimbursed its subgrantees.

We recommended that FEMA ensure its regional states develop, document, and implement procedures for demonstrating that HMGP projects are cost-effective. We also recommended that FEMA require TDEM to develop, document, and implement procedures that will ensure it reimburses subgrantees for only eligible costs.

(DD-13-10, May 2013 EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DD-13-10_May13.pdf

FEMA Should Recover \$46.2 Million of Improper Contracting Costs from Federal Funds Awarded to the Administrators of the Tulane Educational Fund, New Orleans, Louisiana

We audited PA funds awarded to the Administrators of the Tulane Educational Fund (Tulane) located in New Orleans, Louisiana for damages resulting from Hurricane Katrina, which occurred in August 2005. This was the second report in a series. The scope of this audit was the methodology Tulane used to award \$230.1 million in disaster-related contracts.

Tulane did not always follow Federal procurement standards in awarding \$230.1 million in contracts it used for disaster work. As a result, we questioned \$46.2 million as ineligible contracting costs consisting of \$35.0 million in excessive and prohibited mark-ups; \$5.7 million for four contracts awarded without competition after the exigent period; and \$5.5 million in unapplied credits. In addition, Tulane did not perform a cost or price analysis on its \$205.4 million primary contract; did not include required provisions in eight contracts; and did not take sufficient steps to ensure the use of small businesses, minority firms, women's business enterprises, and labor surplus area firms.

We recommended that FEMA disallow as ineligible \$35.0 million for prohibited and excessive mark-ups on contracts and \$5.7 million for four non-competitive contracts. We also recommended that FEMA ensure Tulane is not reimbursed the \$5.5 million of ineligible costs for unapplied credits to contract costs and that Tulane receives instructions on Federal procurement standards.

(DD-13-11, August 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DD-13-11_Aug13.pdf

FEMA Should Recover \$1.7 Million of Public Assistance Grant Funds Awarded to Audubon Commission, New Orleans, Louisiana

We audited PA funds awarded to the Audubon Commission (Commission) located in New Orleans, Louisiana. The Commission received an award of \$12.3 million for damages resulting from Hurricane Katrina that occurred August 2005. Our audit included a review of 24 large and 18 small projects totaling \$10.3 million, or 83.7 percent of the total award, and a limited review of labor cost claims for 3 additional projects.

The Commission accounted for grant funds on a project-by-project basis as required by Federal regulations but did not always expend the funds according to Federal regulations and FEMA guidelines. The Commission claimed \$427,807 of ineligible labor costs for debris removal and emergency protective measures. As a result, we

questioned \$427,807 of ineligible costs that the Commission claimed. In addition, FEMA needs to complete the allocation of approximately \$1.2 million of the Commission's insurance proceeds and correct an inadvertent \$76,800 allocation error on the Commission's insurance proceeds. We also identified \$142,697 in unused funding that FEMA could have put to better use. We recommended that FEMA should disallow \$1.7 million consisting of ineligible labor, unallocated insurance, and an allocation error; and deobligate \$142,697 that should be put to better use.

(DD-13-12, August 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DD-13-12_Aug13.pdf

Comal County Understated Project Cost in Its HMGP Project Application

Comal County (County) did not disclose that an engineering firm had estimated the minimum construction costs for the project at \$9.7 million. Instead, the County submitted an unsupported \$7 million cost estimate for the project and used it with a flawed benefit cost analysis methodology to produce a favorable benefit-to-cost ratio. If the County had used a more realistic cost estimate, the project would not have been cost beneficial and would therefore not have been eligible for FEMA funding. We recommended that FEMA disallow all funds awarded to Comal County for an ineligible HMGP project.

(DD-13-13, September 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DD-13-13_Sep13.pdf

FEMA Should Recover \$7.5 Million of the \$43.2 Million Public Assistance Grant Awarded to Craighead Electric Cooperative Corporation, Arkansas

Craighead Electric Cooperative Corporation (Cooperative) received an award of \$43.2 million for damages resulting from a severe winter storm that occurred January 26 through 30, 2009. The Cooperative did not take required steps to ensure the use of small businesses, minority-owned firms, and women's business enterprises when possible, and did not include federally required provisions in

its contracts. This occurred because the Arkansas Department of Emergency Management (ADEM) did not ensure that the Cooperative was aware of or followed Federal procurement standards. In addition, the Cooperative's claim included ineligible mutual aid costs.

We recommended that FEMA disallow \$5.6 million in contract costs that did not comply with Federal regulations that require subgrantees to take affirmative steps to use small businesses, minority-owned firms, and women's business enterprises when possible; and to include specific contract provisions, unless FEMA grants an exception for all or part of the costs. We also recommended that FEMA disallow \$1.9 million of ineligible mutual aid costs, unless FEMA obtains a waiver to the policy in effect at the time of the disaster. In addition, we recommended that FEMA require ADEM to develop, document, and implement procedures to ensure that subgrantees are aware of and follow Federal procurement standards. (DD-13-14, September 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DD-13-14_Sep13.pdf

State of Louisiana Needs a Strategy To Manage Hurricane Katrina and Rita Public Assistance Grants More Effectively

We audited the Governor's Office of Homeland Security and Emergency Preparedness' (GOHSEP) management of FEMA PA grants to the State of Louisiana to determine whether (1) GOHSEP has established and implemented a strategic plan to manage and complete all PA projects in a reasonable time, and (2) actions taken to implement the two recommendations in our January 2008 audit report corrected or improved the effectiveness of GOHSEP's PA grant management program.

We concluded GOHSEP has not established and implemented an effective strategic plan to manage and complete the nearly 20,000 PA projects in a reasonable time. As a result, Hurricane Katrina and Rita PA programs risk remaining open indefinitely while management costs mount and institutional knowledge, supporting documentation, and access to contractor records are lost to the

passage of time. Now, 8 years after the hurricanes, GOHSEP has closed projects totaling only \$279 million, or 2 percent of the \$11.4 billion FEMA has obligated for the two disasters. While GOHSEP's implementation of the two recommendations from our January 2008 audit report improved some aspects of the problems that led to our report recommendations, we identified similar problems during our grant audits of Hurricane Katrina and Rita subgrantees.

We recommended that FEMA increase its leadership role in the Hurricane Katrina and Rita PA programs and direct GOHSEP to (1) develop and implement an effective strategic plan; (2) enhance its management information system to capture and aggregate key information; (3) establish goals, objectives and timelines for the completion of work and closing of projects in a timely and cost effective manner, and (4) establish goals and tools for measuring the performance of its employees and contractors. (DD-13-15, September 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DD-13-15_Sep13.pdf

FEMA Improperly Applied the 50 Percent Rule in Its Decision To Pay the Alaska Department of Natural Resources To Replace a Damaged Bridge

FEMA improperly applied the 50 Percent Rule in its decision to pay the Alaska Department of Natural Resources, Anchorage, Alaska, to replace a damaged bridge, for Disaster Number 1669-DR-AK. Of the \$958,288 in project charges we reviewed, the Alaska Department of Natural Resources generally managed FEMA's PA grant funds according to Federal regulations and FEMA guidelines. However, FEMA incorrectly applied the 50 Percent Rule to determine whether to repair or replace a damaged bridge, and reimbursed the Department \$398,186 in ineligible costs.

We recommended that the FEMA Region X Administrator disallow \$398,186 (FEMA share \$298,640) in ineligible replacement costs charged to Project 118. (DS-13-06, April 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DS-13-06_Apr13.pdf

LA County Improperly Accounts for Straight-Time Labor Fringe Benefits Costs: Second Interim Report on FEMA Public Assistance Grant Funds Awarded to Los Angeles County, California

Los Angeles County (County) officials charged \$111,835 in ineligible straight-time labor fringe benefits for Disaster Number 1577-DR-CA. The fringe benefits are ineligible because they are unrelated to the County staff that performed work in response to the Federally-declared disaster. Los Angeles County has a history of charging FEMA for unauthorized straight-time labor fringe benefits costs. FEMA considers these costs ineligible, yet has not taken appropriate corrective action to recoup these costs or cause the County to stop making such charges. County officials have stated that they have charged, and will continue to charge, the ineligible fringe benefits costs based on their interpretation of Federal rules and regulations.

We recommended that the Regional Administrator, FEMA Region IX, disallow the \$111,835 (Federal share \$83,876) in ineligible fringe benefits costs; coordinate with State officials to resolve our (previous) outstanding recommendations to disallow ineligible straight-time fringe benefits identified in previous audits DS-05-06 (\$197,347; Federal share \$148,010) and DS-10-07 (\$87,295; Federal share \$65,471); and ensure proper internal controls exist that would entail that FEMA officials promptly notify OIG should they reverse their decision on audit recommendations which they have previously accepted/resolved. (DS-13-07, April 2013, EMO)
http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DS-13-07_Apr13.pdf

FEMA Needs To Deobligate \$1.1 Million in Unneeded Funding and Disallow \$52,812 in Unsupported Costs Associated With the FEMA PA Grant Awarded to Pima County, Arizona

Of the \$5,227,507 in project charges we reviewed for disaster number 1660-DR-AZ, the County generally expended and accounted for PA funds according to Federal regulations and FEMA guidelines for the seven projects we audited. However, we identified \$1,123,565 of unneeded

Federal funding that should be put to better use, and \$52,812 in force account labor charges not eligible for reimbursement that should be disallowed.

We recommended that the FEMA Region IX Administrator (1) deobligate \$1,123,565 (Federal share \$842,674) in unneeded funding related to 21 projects, (2) disallow \$41,857 (Federal share \$31,393) in ineligible force account labor costs pertaining to Projects 311, 318, and 320, and (3) disallow \$10,955 (Federal share \$8,216) in unsupported force account labor costs pertaining to Project 326—unless the County can provide adequate support. (DS-13-08, April 2013, EMO)
http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DS-13-08_Apr13.pdf

The Alaska Department of Transportation and Public Facilities, Central Region, Did Not Properly Account for and Expend \$1.5 Million in FEMA Public Assistance Grant Funds

We determined that of the \$1,927,140 in PA grant funding we audited, Alaska Department of Transportation and Public Facilities, Central Region (Central Region), officials did not account for or expend \$1,456,170 (or 76 percent) according to Federal regulations and FEMA guidelines.

We recommend that the Regional Administrator, FEMA Region X: (1) disallow \$1,346,508 (\$1,009,881 Federal share) of costs related to improper procurement, unless FEMA makes an affirmative decision that all or part of the contract costs are fair and reasonable and waives the Federal [44 CFR 13.6 (c)] and State procurement requirements; (2) disallow \$67,987 (\$50,990 Federal share) of costs related to ineligible force account (equipment and labor) costs; (3) review claimed costs, outside of the scope of this audit, associated with those Central Region officials involved in charging FEMA for the excessive, ineligible force account charges to identify any additional instances of improperly-claimed costs; (4) disallow a total of \$33,223 (\$24,917 Federal share) in ineligible fringe benefits costs—for Projects 92 (\$6,741), 93

(\$9,502), 94 (\$3,144), 95 (\$4,066), 96 (\$9,019), and 97 (\$751)—derived from a methodology that is not in compliance with Federal or State criteria; (5) identify and review all applicable fringe benefits claimed costs related to the Central Region, other Department of Transportation and Public Facilities’ regional offices (i.e., Northern and Southeast Regions), and Alaska subgrantees that based their fringe benefit calculations on this improper methodology; and (6) disallow \$8,452 (\$6,339 Federal share) of ineligible costs related to work beyond FEMA’s approved scope of work. (DS-13-09, April 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DS-13-09_Apr13.pdf

Unneeded Funding and Management Challenges Associated with the FEMA Grant Awarded to Los Angeles County, California (Third Interim Report)

We identified \$2,441,506 in unneeded funding that should be put to better use, as well as various grant administration and management challenges, including: (1) untimely cost accounting and claims; and (2) inconsistent monitoring and assurance of compliance with applicable Federal requirements.

We recommended that the Regional Administrator, FEMA Region IX: (1) deobligate \$2,441,506 (Federal share \$1,831,130) in unneeded funding associated with multiple projects, and put those Federal funds to better use; (2) require California Emergency Management Agency (Cal EMA), as the Grantee, to ensure that subgrantee costs are accounted for promptly, and claimed, after project completion; (3) review costs, for eligibility and support, which could not be audited during the course of our fieldwork because the subgrantee had not yet accounted for those costs; (4) ensure that a final State Administrative Plan is completed and approved in a timely manner each year and is accessible for reference and distribution; and (5) require Cal EMA, as the Grantee, to develop and implement policies, procedures, and training to better manage its responsibilities under PA grants, to ensure that: (a) grant and subgrant financial and project status reports are accurately

reported; (b) expenditures can be traced to a level that ensures that funds have not been used in violation of applicable statutes; and (c) Cal EMA and its subgrantees adhere to the specific provisions of applicable Federal regulations when administering the grants.

(DS-13-10, June 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DS-13-10_Jun13.pdf

Los Angeles County, California, Did Not Properly Account for and Expend FEMA Grant Funds for Debris-Related Costs (Interim Report)

Of the \$6,020,249 in claimed costs that we audited (for this interim report), Los Angeles County (County) officials did not properly account for or expend \$3,942,409 related to their debris removal activities. This occurred as a result of: (1) improper procurement; (2) ineligible debris basin cleanup costs; (3) unsupported debris removal contract costs; and (4) unsupported equipment costs.

We recommended that the Regional Administrator, FEMA Region IX: (1) disallow \$2,473,706 (Federal share \$1,855,280) in ineligible costs claimed for projects related to contracts that were not procured in accordance with Federal requirements, unless FEMA officials decide to grant an exception for all or part of the costs as provided for in 44 CFR 13.6(c) and Section 705(c) of the Stafford Act; (2) disallow \$862,878 (Federal share \$647,159) claimed as ineligible and unrelated to the Federal disaster to which it was attributed; (3) instruct the County on the benefits of specific maintenance and debris measurement schedules, as well as maintaining regular, verifiable data on the current amount of basin debris—particularly with respect to claims for Federal reimbursement; (4) formulate a methodology for determining eligible debris removal costs in the absence of specific measurement data for debris comingled across a variety of debris-producing periods; (5) determine, in coordination with the California EMA (grantee) officials, whether the County is entitled to receive approximately \$121,919 (based on our proration) in FEMA Public Assistance grant funding for debris basin cleanup costs associated with Disaster 1585 if: (a) claimed under that disaster; (b) eligibility

can be established; and (c) costs are adequately supported with sufficient documentation; (6) disallow \$2,038,260 (Federal share \$1,528,695) in unsupported contracted debris removal costs, unless County officials can provide adequate documentation to support them—because we question (and recommend disallowance of) \$1,664,930 as part of the total funding questioned as a result of improper procurement (finding B), the balance of ineligible costs recommended for disallowance per this finding is \$373,330 (\$2,038,260 less \$1,664,930) (Federal share \$279,998.); and (7) disallow \$232,495 (Federal share \$174,371) in unsupported equipment costs associated with projects, unless County officials can provide adequate documentation to support them.

(DS-13-11, July 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DS-13-11_Jul13.pdf

Los Angeles County, California, Did Not Properly Account for or Expend about \$14,000 in FEMA Grant Funds (Interim Report)

We reviewed \$410,914 that the County of Los Angeles, California, (County) claimed for force account labor and equipment it used for work under Projects 2890 and 2940. Of that amount, County officials did not account for or expend \$13,543 according to Federal regulations and FEMA guidelines. Therefore, we question \$13,543, which includes \$7,482 ineligible costs and \$6,061 unsupported costs.

We recommend that the Regional Administrator, FEMA Region IX: (1) disallow \$7,482 (Federal share \$5,612) in ineligible (duplicate) equipment maintenance costs; (2) disallow \$6,061 (Federal share \$4,546) in unsupported costs the County claimed for Project 2940, unless the County can provide adequate documentation to support these costs; and (3) review the entirety of the County's FEMA-funded projects to determine sufficient support for those force account costs that the County claimed for Federal reimbursement, and disallow those costs if the County cannot provide sufficient support.

(DS-13-12, September 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DS-13-12_Sep13.pdf

The City of Pacifica, California, Generally Followed Regulations for Spending FEMA Public Assistance Funds

Generally, the City of Pacifica, California, (City) accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines. However, the City claimed \$101,335 for disaster costs that were either ineligible or unsupported, which represents less than 4 percent of the \$2,772,687 we audited.

We recommended that the Regional Administrator, FEMA Region IX: (1) disallow \$57,058 (\$42,794 Federal share) in ineligible costs for unauthorized work performed beyond the approved scope of work; (2) disallow \$27,096 (\$20,322 Federal share) in unsupported costs unless City officials provide adequate documentation consistent with FEMA criteria to support them, or can properly allocate costs—in coordination with grantee and FEMA officials—to the specific projects (and federally-declared disaster(s)) to which they relate; (3) instruct the grantee (State)—who must likewise inform its subgrantees—on the requirement to comply with Federal regulations and FEMA guidelines on maintaining accurate records as a post-award condition for FEMA disaster assistance grant funding, including criteria presented in both (1) 44 CFR 13.20, *Standards for Financial Management Systems*; and (2) *FEMA Public Assistance Guide*, FEMA 322, October 1999, pp. 113–114; (4) disallow \$11,388 (\$8,540 Federal share) in ineligible landscaping costs; (5) disallow \$3,897 (\$2,923 Federal share) in ineligible force account labor costs as a result of regular-time salaries emergency work being comingled with permanent work; and (6) disallow \$1,896 (\$1,422 Federal share) in ineligible, duplicate costs.

(DS-13-13, September 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DS-13-13_Sep13.pdf

FEMA Should Recover \$4.2 Million of Public Assistance Grant Funds Awarded to the Department of Design and Construction, Honolulu, Hawaii

Department of Design and Construction (DDC) officials did not account for or expend \$4,208,399, or 100 percent of costs they claimed for Project 104, according to Federal regulations and FEMA guidelines. They did not maintain sufficient documentation to support project costs, did not follow Federal procurement standards in awarding the contract for the work, and are not legally responsible for the work. These findings occurred, in part, because (1) DDC officials did not have sufficient fiscal controls and accounting procedures in place, and (2) neither FEMA nor Hawaii State Civil Defense (SCD; grantee) officials ensured that DDC officials complied with procurement regulations.

We recommend that the Regional Administrator, FEMA Region IX: (1) disallow total contract costs of \$4,208,399 (Federal share \$3,156,299) under Project 104 as ineligible as a result of DDC's (a) insufficient documentation, unless DDC officials provide adequate documentation consistent with FEMA criteria to support the costs; (b) improper procurement, unless FEMA makes an affirmative decision that all or part of the contract costs are fair and reasonable and waives the Federal [44 CFR 13.6(c)] and State procurement requirements; and (c) lack of legal responsibility over the damaged site for which FEMA disbursed Federal funds, and thus lack of eligible applicant status; and (2) direct SCD to improve its procedures for managing Federal grants to ensure that subgrantees (a) maintain documentation to support how project costs relate to the FEMA-approved scope of work; (b) are aware of and follow Federal regulations, including those for Federal procurement standards; (c) are legally responsible for FEMA-approved projects, and thus are eligible applicants for FEMA disaster assistance; and (d) have sufficient fiscal controls and accounting procedures in place to account for costs separately on a project-by-project basis.

(DS-13-14, September 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2013/OIG_DS-13-14_Sep13.pdf

INVESTIGATIONS

Woman Commits FEMA Benefit Fraud

Along with a local police department and the Federal Bureau of Investigation (FBI), we investigated a woman who fraudulently applied for FEMA benefits. She pleaded guilty and was sentenced to 14 months' incarceration, 60 months of supervised release, and restitution of \$3,596.

Man Attempts FEMA Fraud

We investigated a man who fraudulently filed for disaster assistance. He first claimed that a damaged structure was a secondary address where he stored property, but after FEMA determined he was ineligible for disaster assistance, he submitted fraudulent documents in an attempt to prove that the property was his primary residence. He was convicted at trial and sentenced to 18 months' incarceration and 24 months of supervised release.

Woman Sentenced for FEMA Fraud

We investigated a woman who received FEMA assistance and determined that she had falsified information on her application including her address, hotel receipts, and information contained on her rental lease. She pleaded guilty and was sentenced to 36 months' probation with the first 8 months to be served as home detention and ordered to pay \$12,566 in restitution.

Woman Submits False Documents to FEMA

We investigated a woman who conspired with others to submit false documents, including fraudulent hotel receipts, medical bills, and leases for FEMA reimbursement. She pleaded guilty and was sentenced to 10 months' incarceration, 36 months of supervised release, and ordered to pay restitution of \$15,280.

County Sherriff Steals from FEMA

With the FBI, we investigated a county sheriff who had accepted bribes from the owner of a construction company. The company was building a detention facility in a declared disaster area and billed FEMA approximately \$1.2 million, when the total amount billed should have been approximately \$20,000. The company owner paid the sheriff \$10,000 on two occasions to sign fraudulent work invoices that were required to verify construc-

tion costs. The investigation also revealed that the sheriff had illegally diverted campaign funds for personal use. The sheriff pleaded guilty and was sentenced to 46 months' incarceration, 24 months of supervised release, and ordered to pay restitution in the amount of \$10,000. Action is also being sought against the construction company.

Man Takes from FEMA and HUD

Our investigation demonstrated that after a hurricane, a man was fraudulently obtaining FEMA rental assistance while residing in a HUD property. He pleaded guilty and was sentenced to 60 months' probation and ordered to pay \$14,446 in restitution.

Conspirators Steal from Homeless

With HUD OIG, we investigated a group of individuals who stole funds from a non-profit organization that were intended to assist the homeless. The funds originated from FEMA and HUD. During this reporting period, two of the conspirators signed a pretrial diversion agreement for a 12-month period. The agreement also required them to pay restitution. One agreed to repay \$32,793, and the other agreed to pay \$27,000.

Retired County Official Steals Government Funds

With the Small Business Administration OIG, we investigated a retired Justice of the Peace and county official who fraudulently submitted claims to FEMA and the Small Business Administration. He pleaded guilty and was sentenced to 12 months of probation and ordered to pay a \$2,000 fine.

Man Makes False FEMA Claim

We investigated a man who fraudulently applied for FEMA funds after claiming that his primary residence was destroyed by wildfire. We determined that the destroyed building was not his primary residence, and he pleaded guilty and was sentenced to 12 months and one day of incarceration, 36 months of supervised release, and ordered to pay restitution of \$30,200.

Woman Defrauds FEMA

We investigated a woman who submitted a fraudulent FEMA claim and received \$30,200 for the destruction by wildfire of two trailers on her property. She was also awarded a FEMA mobile home to live in while she rebuilt the uninsured residence which she claimed was on the property. Neighbors stated that the burned out trailer she claimed as her primary residence was vacant and boarded up at the time of the wildfires. She pleaded guilty and was sentenced to 60 months of probation, 100 hours of community service, and ordered to pay restitution of \$30,200.

Woman Steals from FEMA and HUD

We investigated a woman who fraudulently applied for FEMA assistance after Hurricanes Rita and Ike and also fraudulently sought disaster benefits from HUD. She was sentenced to 72 months' pre-trial diversion and ordered to pay restitution of \$150,465.

FEMA Applicant Sentenced

We investigated a FEMA applicant who fraudulently sought benefits for the destruction of property he did not own. He was charged with Fraud in Connection with a Major Disaster and was sentenced to 12 months and one day of incarceration, 36 months of supervised release, and restitution of \$20,420.92.

Woman Steals FEMA Benefits

The joint investigation with HUD was initiated after the subject fraudulently applied for and received \$15,691 in FEMA funds for damage, allegedly caused by Hurricane Irene, to property that she did not own. She pleaded guilty and was sentenced to 27 months of imprisonment, 36 months of probation, and ordered to pay \$22,891 in restitution.

Woman Sentenced for FEMA Fraud

Along with HUD OIG, we investigated a woman who, following Hurricane Irene, fraudulently applied for and received FEMA funds for damage to property that she did not own. After pleading guilty, she was sentenced to one month of incarceration, 36 months of probation, and restitution of \$15,763.

FEDERAL LAW ENFORCEMENT TRAINING CENTER

MANAGEMENT REPORTS

Federal Law Enforcement Training Center's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed the Federal Law Enforcement Training Center's (FLETC) internal control over financial reporting. The management letter discusses two observations for management's consideration identified during the FY 2012 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal controls or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the FY 2012 Department of Homeland Security Annual Financial Report.

(OIG-13-56, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-56_Apr13.pdf

Information Technology Management Letter for the Federal Law Enforcement Training Center Component of the FY 2012 DHS Financial Statement Audit

We contracted with the accounting firm KPMG to perform the audit of FLETC's consolidated balance sheet in support of DHS' financial statement audit as of September 30, 2012. 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 FLETC's financial processing environment and related IT infrastructure. KPMG noted that FLETC took corrective action to address many prior years' IT control weaknesses. However, during FY 2012, KPMG continued to find IT general

control weaknesses at FLETC. The most significant weaknesses from a financial statement audit perspective related to controls over access and configuration management and the weaknesses over physical security and security awareness. Collectively, the IT control weaknesses limit FLETC'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 affect the internal controls over FLETC'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-13-62, April 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-62_Apr13.pdf

OFFICE FOR CIVIL RIGHTS AND CIVIL LIBERTIES

Our office receives complaints from various sources about possible civil rights and civil liberties violations occurring in the Department. We received 1,358 such complaints from April 1, 2013, through September 30, 2013. Of those 1,358 complaints, we opened 18 investigations, one compliant was pending review, and 1,339 complaints were referred to other DHS components, including the Department's Office for Civil Rights and Civil Liberties for disposition.

OFFICE OF HEALTH AFFAIRS

Office of Health Affairs' Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed the Office of Health Affairs' internal control over financial reporting. The management letter discusses two observations for management's consideration identified during the FY 2012 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal

controls or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the Department of Homeland Security FY 2012 *Annual Financial Report*.

(OIG-13-61, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-61_Apr13.pdf

OFFICE OF INTELLIGENCE AND ANALYSIS

Office of Intelligence and Analysis' Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed the Office of Intelligence and Analysis' internal control over financial reporting. The management letter discusses two observations for management's consideration identified during the FY 2012 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal controls or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the Department of Homeland Security FY 2012 *Annual Financial Report*.

(OIG-13-76, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-76_Apr13.pdf

DHS' Watchlisting Cell's Efforts To Coordinate Departmental Nominations

In an effort to coordinate and consolidate Federal terrorist data collection and tracking, DHS established the Watchlisting Cell (WLC) in October 2010, within its Office of Intelligence and Analysis (I&A). The WLC consolidates and standardizes intelligence and information collected from DHS' operational components. The WLC then prepares and submits nominations

of individuals to the Office of the Director of National Intelligence's National Counterterrorism Center for inclusion on the Terrorist Identities Datamart Environment, and possible export to the Terrorist Screening Database. We determined the WLC has had a positive effect on DHS and the interagency watchlisting community, as it increased the number and quality of DHS nominations, and provided oversight, guidance, and watchlisting overview training to DHS components. The WLC, however, needs to develop performance metrics to improve its operational processes and to measure the effectiveness of its program initiatives. In addition, WLC officials did not communicate effectively on its decentralization plan, and these officials need to determine the effect decentralized execution will have on the WLC's caseload and ability to provide intelligence oversight. The WLC operated without an itemized budget or a method for tracking its expenses, and is not prepared to address increases or fluctuations in its caseload. We made ten recommendations to develop performance metrics, streamline internal procedures, evaluate decentralization effects, develop training, oversight, and quality assurance processes for decentralization, and to develop financial and sustainability plans for the WLC. I&A concurred with all 10 recommendations. (OIG-13-105, July 2013, ISP)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-105_Jul13.pdf

Review of DHS' Information Security Program for Intelligence Systems for Fiscal Year 2013

We evaluated the DHS enterprise-wide security program for Top Secret/Sensitive Compartmented Information intelligence systems. Pursuant to the FISMA we reviewed the Department's security program including its policies, procedures, and system security controls for enterprise-wide intelligence systems. Since our 2012 evaluation, I&A continues to provide effective oversight of department-wide systems. For example, I&A has established new initiatives to provide training to Department personnel with assigned security responsibilities on intelligence systems. Further, I&A has implemented an automated notification and tracking process to help its security assessors monitor plans of actions and milestones

status. In addition, as of May 2012, the United States Coast Guard (USCG) authorizing official assumed oversight for USCG's shore-side intelligence systems from I&A. USCG is migrating its Coast Guard Intelligence Support System to a multi-authorizing official structure including DHS, USCG, and Defense Intelligence Agency. We identified deficiencies in the areas of I&A's incident response and reporting and security capital planning; and in USCG's security training, plans of actions and milestones, contingency planning, and security capital planning. (OIG-13-108, August 2013, ITA)
http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_SLP_13-108_Aug13.pdf

TRANSPORTATION SECURITY ADMINISTRATION

MANAGEMENT REPORTS

Information Technology Management Letter for the Transportation Security Administration Component of the FY 2012 DHS Financial Statement Audit

We contracted with the accounting firm KPMG to perform an audit of DHS' consolidated balance sheet as of September 30, 2012, and the related statement of custodial activity. KPMG performed an evaluation of general IT controls at TSA to assist in planning and performing the audit. As part of this review, KPMG noted certain matters involving internal control and other operational matters with respect to IT and documented their comments and recommendation in the Information Technology Management Letter. The overall objective of our audit was to evaluate the effectiveness of general IT controls of TSA's financial processing environment and related IT infrastructure. KPMG noted that TSA took corrective action to address many prior years' IT control weaknesses. However, during FY 2012, KPMG continued to find IT general control weaknesses at TSA. The most significant weaknesses from a financial statement audit perspective related to controls over the development, implementation, and tracking of scripts at USCG's Finance Center. Collectively, the IT control deficiencies limited

TSA's ability to ensure that critical financial and operational data were maintained in such a manner to ensure confidentiality, integrity, and availability. In addition, these deficiencies negatively impacted the internal controls over TSA financial reporting and its operation, and KPMG considers them to collectively represent a significant deficiency under standards established by the American Institute of Certified Public Accountants. (OIG-13-78, April 2013, ITA)
http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-78_Apr13.pdf

Transportation Security Administration's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed TSA's internal control over financial reporting. The management letter discusses 12 observations for management's consideration identified during the FY 2012 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal controls or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the Department of Homeland Security FY 2012 *Annual Financial Report*. (OIG-13-79, April 2013, OA)
http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-79_Apr13.pdf

Transportation Security Administration Logistics Center—Inventory Management

We performed this audit to determine whether TSA effectively managed the Logistics Center. We determined that TSA improved accountability of screening equipment at the Logistics Center; however, its plans and procedures for inventory management need additional improvements. Specifically, TSA stored unusable or obsolete equipment, maintained inappropriate safety stock levels, and did not develop an inventory management process that systematically deploys equipment. Additionally, TSA did not use all storage space within the Logistics Center. As a

result, TSA may be losing utility of equipment as it ages and may be able to put approximately \$800,000 per year—used to lease two warehouses—to better use.

Our report included two recommendations for TSA: (1) Implement detailed inventory management procedures for equipment at the TSA Logistics Center; and (2) develop and implement procedures to assess and adjust warehouse space on an annual basis. TSA concurred with the first recommendation and partially concurred with the other.

(OIG-13-82, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-82_Apr13.pdf

Transportation Security Administration's Screening of Passengers by Observation Techniques

We audited the TSA's Screening of Passengers by Observation Techniques program. The program's intent is to screen passengers by observing their behavior to detect potential high-risk travelers. Since the Screening of Passengers by Observation Techniques program began in fiscal year 2007, TSA data indicate that the program has expended an estimated \$878 million and has more than 2,800 full-time equivalent positions, as of September 30, 2012. However, TSA has not implemented a strategic plan to ensure the program's success. Because regulations identify requirements for agency strategic planning, it would be prudent for agency programs to follow these same principles to help ensure program success and contribution to the agency's mission. We made six recommendations to improve the effectiveness of the Screening of Passengers by Observation Techniques program. TSA concurred with all recommendations.

(OIG-13-91, May 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-91_May13.pdf

Transportation Security Administration's Screening Partnership Program

We performed this audit to determine whether TSA administered the Screening Partnership Program (SPP) in accordance with Federal

regulations. TSA administered SPP in accordance with the *FAA Modernization and Reform Act of 2012*, but could improve aspects of its administration. We reviewed TSA's files associated with its five most recent decisions to approve SPP applications and identified documents in the file that had not been finalized, as well as documents that contained inaccurate information. For example, in one file cost savings was underestimated by over \$420,000. In addition, TSA did not document the rationale used to decide on four of the five contracts awarded during 2011 and 2012. We recommended that TSA expedite developing and implementing procedures to ensure that decisions on SPP applications and procurements are fully documented according to applicable Department and Federal guidance. We also recommended that TSA establish and implement quality assurance procedures to ensure that the most relevant and accurate information is used when determining eligibility and approving airports' participation in SPP. TSA concurred with both recommendations and began taking actions to implement them.

(OIG-13-99, June 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-99_Jun13.pdf

TSA Information Technology Management Progress and Challenges

We sought to determine TSA's progress in establishing key IT management capabilities to support mission needs. We determined that several actions had been taken by the Chief Information Officer to establish key IT management capabilities, including updating the IT strategic plan, implementing a systems engineering life cycle process to manage IT programs, implementing an IT acquisition review process, and developing an enterprise architecture. However, not all IT procurements have gone through the IT acquisition review process because they were not categorized as IT procurements. Also, challenges remain to ensure that the IT environment fully supports TSA's mission needs. Specifically, TSA's IT systems do not provide the full functionality needed to support its mission due to challenges with TSA's requirements gathering process. As a result, staff created manual workarounds or developed local systems to accomplish their

mission. In addition, IT support roles are not well defined or communicated, and the number of IT support staff is not sufficient at certain field sites. Some field sites detailed employees from operational areas to fill in gaps in IT support, which reduced the number of staff available to serve at security checkpoints and may hinder TSA's ability to carry out its transportation security mission. We recommended that the Deputy Administrator ensure that the Department's definition of IT is applied for all acquisitions; develop and implement a process to ensure that all IT acquisitions go through IT acquisition review; develop and implement a process to capture IT requirements in the field; communicate the IT specialist role, as contractually defined, to both IT specialists and to the user community; and develop and implement a process to provide sufficient IT support in airports and operational sites in the field. The Administrator, TSA, concurred with the recommendations.

(OIG-13-101, June 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-101_Jun13.pdf

Transportation Security Administration's Deployment and Use of Advanced Imaging Technology

As a result of a Congressional request, we performed this audit to determine whether the TSA ensured advanced imaging technology units were being effectively deployed to and fully utilized in airports. TSA uses advanced imaging technology to screen passengers for metallic and nonmetallic threats including weapons, explosives, and other concealed objects, without physical contact. We concluded that TSA created and followed deployment schedules. However, it did not develop a comprehensive deployment strategy to ensure all advanced imaging technology units were effectively deployed and fully used for screening passengers. Additionally, TSA did not have adequate internal controls to ensure accurate data on advanced imaging technology. Without a documented, approved, comprehensive plan and accurate data on the use of advanced imaging technology, TSA continued to use walkthrough metal detectors, which are unable to identify

nonmetallic objects, to screen the majority of passengers; therefore not taking advantage of the advanced imaging technology's security benefits. Additionally, TSA may have used resources inefficiently to purchase and deploy underused advanced imaging technology units.

We recommended that TSA develop and approve a single, comprehensive deployment strategy that addresses short- and long-term goals for screening equipment; and develop and implement a disciplined system of internal controls from data input to output to ensure data integrity. TSA concurred with the recommendations.

(OIG-13-120, September 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-120_Sep13.pdf

Transportation Security Administration Office of Inspection's Efforts To Enhance Transportation Security

TSA's Office of Inspection (OOI) did not use its staff and resources efficiently to conduct cost-effective inspections, internal reviews, and covert testing. OOI did not ensure that its criminal investigators, who are law enforcement officers, performed criminal investigations the majority of the time, as required by Federal regulations. When performing duties unrelated to criminal investigations, criminal investigators were paid more than other employees who could perform the same work at a lower cost. Additionally, OOI did not properly plan its work and resource needs, track project costs, measure performance effectively, or establish quality controls to ensure its work complied with accepted standards. As a result of the issues that we identified with OOI's cost-effectiveness and quality controls over its work products, TSA was not as effective as it could have been, and management may not be able to rely on OOI's work. With the appropriate classification and training of staff and better use of resources, OOI could improve the quality of its work. In addition, the OOI could realize future cost savings of as much as \$17.5 million over 5 years by reducing the amount it spends on Law Enforcement Availability Pay for its criminal investigators if all of its 124 criminal investigators were reclassified to noncriminal investigator positions. However, the appropriate

number of reclassifications and more precise cost savings cannot be determined without an objective and comprehensive review of position classifications. We made 11 recommendations to TSA, and TSA agreed that, if implemented, these recommendations should lead to more efficient and effective operations, improve transparency and accountability, and enhance its efforts to protect the Nation's transportation systems. (OIG-13-123, September 2013, OA)
http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-123_Sep13.pdf

INVESTIGATIONS

TSA Employee in False Marriage

We received indications that a Transportation Security Officer had fraudulently married a foreign national solely for the purpose of obtaining an immigration benefit. After our joint investigation with the TSA Office of Internal Affairs, the foreign national pleaded guilty to making false statements and was sentenced to 12 months' probation and a \$1,000 fine.

Man Forges Transportation Credentials

We investigated a member of the public who created a false TSA Transportation Worker Identification Credentials card. He was charged with Tampering with a Government Record under state law and was sentenced to 48 months of incarceration.

TSA Employee Involved in Child Pornography

We were notified that a local police department had obtained an arrest warrant for a Transportation Security Officer (TSO) involving charges of online child pornography. The police sought assistance in locating the TSO and were considering arresting him in the workplace. We interviewed the TSO who admitted viewing child pornography and later pleaded guilty. He was sentenced to 60 months of incarceration, with all but 18 months suspended, and 60 months of supervised release.

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

MANAGEMENT REPORTS

U.S. Citizenship and Immigration Services' Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed USCIS's internal control over financial reporting. The management letter discusses 10 observations for management's consideration identified during the FY 2012 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal controls or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the FY 2012 Department of Homeland Security *Annual Financial Report*.

(OIG-13-57, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-57_Apr13.pdf

Information Technology Management Letter for the Citizenship and Immigration Services Component of the FY 2012 Department Homeland Security Financial Statement Audit

We contracted with the independent public accounting firm KPMG to perform an audit of DHS' consolidated balance sheet as of September 30, 2012, and the related statement of custodial activity. KPMG performed an evaluation of general information technology controls at U.S. Citizenship and Immigration Services (USCIS) to assist in planning and performing the audit. As part of this review, KPMG noted certain matters involving internal control and other operational matters with respect to IT and documented their comments and recommendation in the Information Technology Management Letter. The overall objective of our audit was to evaluate the effectiveness of general IT controls of USCIS' financial processing environment and related IT infrastructure. KPMG noted that USCIS took corrective action to address

many prior years' IT control weaknesses. However, during FY 2012, KPMG continued to find general IT control weaknesses at USCIS. The most significant findings were related to the Federal Financial Management System (FFMS) configuration and patch management, and deficiencies in security awareness. Collectively, the IT control deficiencies limited USCIS's ability to ensure that critical financial and operational data were maintained in such a manner to ensure confidentiality, integrity, and availability. In addition, these control deficiencies negatively impacted the internal controls over USCIS' financial reporting and its operations, and we consider them to contribute to a material weakness at the Department level under standards established by the American Institute of Certified Public Accountants.

(OIG-13-81, April 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-81_Apr13.pdf

U.S. Citizenship and Immigration Services' Tracking and Monitoring of Potentially Fraudulent Petitions and Applications for Family-Based Immigration Benefits

We performed this audit to determine whether USCIS recorded information about adjudicated family-based petitions and applications suspected of being fraudulent according to agency policy requirements and in a manner that deterred immigration fraud. USCIS has procedures to track and monitor documentation related to petitions and applications for family-based immigration benefits suspected of being fraudulent. However, once family-based immigration petitions and applications were investigated and adjudicated, fraud-related data was not always recorded and updated in appropriate electronic databases to ensure its accuracy, completeness, and reliability. Specifically, personnel in the Fraud Detection and National Security Directorate did not record in appropriate electronic databases all petitions and applications denied, revoked, or rescinded because of fraud. Supervisors also did not review the data entered into the databases to monitor case resolution. We recommended that USCIS clarify and enforce policies and procedures to ensure that records in the TECS electronic database are created and updated for all identified cases of

immigration benefit fraud. USCIS concurred with the recommendation and began taking actions to implement it.

(OIG-13-97, June 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-97_Jun13.pdf

INVESTIGATIONS

USCIS Employee Accepts Bribes

We developed evidence that a USCIS employee was being paid to provide illegal assistance to naturalization benefit applicants. One applicant admitted to paying the employee \$4,300 for the issuance of a green card. The employee pleaded guilty to one count of bribery and was sentenced to 36 months' incarceration and 24 months of supervised release.

USCIS Employee Engages in Bribery Scheme

We investigated a USCIS employee who was accepting bribes to approve naturalization applicants. We determined that the employee was working with a member of the public who would receive cash payments from applicants and then pass part of the money to the employee. After paying the cash, the applicants would meet with the corrupt employee in his office where he would approve them without interviews or tests. The employee was terminated from employment and pleaded guilty to a 19 count indictment. He received 38 months of incarceration, 36 months of supervised release, and was ordered to pay restitution of \$127,400 and a \$1,300 fine. The member of the public pleaded guilty and was sentenced to 24 months of probation, 600 hours of community service, and ordered to pay a \$40,000 fine.

UNITED STATES COAST GUARD

MANAGEMENT REPORTS

United States Coast Guard's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed USCG's internal control over financial reporting. The management letter discusses five observations for management's consideration identified during the FY 2012 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal controls or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the Department of Homeland Security FY 2012 *Annual Financial Report*.

(OIG-13-59, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-59_Apr13.pdf

Information Technology Management Letter for the United States Coast Guard Component of the FY 2012 DHS Financial Statement Audit

We contracted with independent public accounting firm KPMG to perform an audit of the USCG's consolidated balance sheet in support of DHS' financial statement audit as of September 30, 2012. As part of this review, KPMG noted certain matters involving internal control and other operational matters with respect to IT and 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 2012, KPMG continued to find IT general control weaknesses at USCG. The most significant weaknesses from a financial statement audit perspective are related to control over

authorization, development, implementation, and tracking of IT scripts at Finance Center. 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 at the Department level under standards established by the American Institute of Certified Public Accountants.

(OIG-13-63, April 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-63_Apr13.pdf

Marine Accident Reporting, Investigations, and Enforcement in the United States Coast Guard

We conducted this audit to determine whether USCG has adequate processes to investigate, take corrective actions, and enforce Federal regulations following reported marine casualties. We determined USCG does not have adequate processes to investigate, take corrective actions, and enforce Federal regulations related to the reporting of marine accidents. These conditions exist because USCG has not developed and retained sufficient personnel, established a complete process with dedicated resources to address corrective actions, and provided adequate training to personnel on enforcement of marine accident reporting. As a result, USCG may be delayed in identifying the causes of accidents; initiating corrective actions; and providing the findings and lessons learned to mariners, the public, and other governmental entities. These conditions may also delay the development of new standards, which could prevent future accidents. We made seven recommendations to improve the efficiency and effectiveness of USCG's marine accident investigations and enforcement of reporting requirements. USCG has concurred with all seven recommendations and is implementing corrective actions.

(OIG-13-92, May 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-92_May13.pdf

USCG Must Improve the Security and Strengthen the Management of Its Laptops

USCG has taken actions to govern, track, and secure its laptops. For example, USCG has deployed a component-wide inventory database to account for its property, including laptops. Additionally, USCG has centralized the configuration and patch management of its standard laptops. USCG has also established policies and procedures for securing standard laptops and defining the authorized use of wireless devices, services, and technologies at the component.

USCG needs to improve its laptop acquisition and inventory management practices, and strengthen laptop security controls. Specifically, it needs to improve its laptop recapitalization program to eliminate excess quantities of unused laptops. In addition, it should reduce the acquisition of non-standard laptops, which represent a significant portion of the inventory. Non-standard laptops are acquired outside of the recapitalization program, and generally do not meet USCG security standards. Having large numbers of non-standard laptops that lack adequate security may compromise the integrity and confidentiality of USCG data and systems. Finally, USCG must improve the accountability of its laptop inventory and address deficiencies in implementing the required DHS configuration settings, deploying security patches to its laptops promptly, and developing and implementing procedures to erase and render sensitive data stored on laptop hard drives unrecoverable.

(OIG-13-93, May 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-93_May13.pdf

Annual Review of the United States Coast Guard's Mission Performance (FY 2012)

We conducted this review to determine whether USCG is maintaining its historical level of effort on non-homeland security missions. We reviewed the resource hours USCG used to perform its various missions. We also reviewed USCG's performance measures and results for each non-homeland security and homeland security mission. We did not verify the accuracy of USCG-provided data. According to USCG's

data, the gap between resource hours for homeland security versus non-homeland security missions has narrowed from approximately 14 percent in FY 2007 to approximately 4 percent in FY 2012 (52 percent of resource hours for homeland security missions versus 48 percent for non-homeland security missions). USCG reported that it met or exceeded 11 of 23 summary performance measures in FY 2012. This includes 9 of 12 non-homeland security performance measures and 2 of 11 homeland security performance measures. We made no recommendations.

(OIG-13-122, September 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-122_Sep13.pdf

INVESTIGATIONS

USCG Member Misuses Purchase Cards

With the USCG Investigative Service, we investigated a USCG enlisted service member for misuse of government purchase cards. When questioned, the service member admitted that he had used multiple cards to buy items for his personal use. He pleaded guilty to Embezzlement of Government Property, and was sentenced to 37 months of incarceration, 36 months of supervised release, and restitution of \$617,441.

USCG Employee Bribed by Business Owner

We received indications that a USCG civilian employee was using his position to contract for freight shipping services with several companies that were owned by a single individual. A review of invoices revealed several inconsistencies, such as rates which were inconsistent with the type of material being shipped or the final destinations of the material. There also appeared to be numerous unnecessary charges which added to the profit of the companies. We demonstrated that the questionable shipments resulted in a fraud loss to the Federal Government of \$1.095 million. We also determined that the owner of the companies had paid kickbacks totaling \$200,000 to the USCG employee. The company owner pleaded guilty was sentenced to 63 months' incarceration, 36 months of supervised release. Additionally, he was ordered to pay a \$15,000 fine and restitution of \$779,549.85. The USCG employee was sentenced

to 87 months' incarceration, 36 months of supervised release, and was ordered to pay restitution of \$779,549.85.

UNITED STATES CUSTOMS AND BORDER PROTECTION

MANAGEMENT REPORTS

Information Technology Management Letter for the FY 2012 U.S. Customs and Border Protection Financial Statement Audit

We contracted with KPMG to perform the audit of CBP Consolidated Financial Statements as of September 30, 2012. 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 recommendations in the IT management letter. The overall objective of our audit was to evaluate the effectiveness of general IT controls of CBP's financial processing environment and related IT infrastructure. KPMG noted that CBP took corrective action to address many prior years' IT control weaknesses. However, during FY 2012, KPMG continued to find general IT control weaknesses at CBP. The most significant weaknesses from a financial statement audit perspective related to controls over access to programs and data, segregation of duties, and configuration management. Collectively, the IT control weaknesses limit CBP'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 CBP's financial reporting and its operation, and KPMG considers them to collectively represent a significant deficiency under standards established by the American Institute of Certified Public Accountants.

(OIG-13-88, May 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-88_May13.pdf

DHS' H-60 Helicopter Programs

Our audit objective was to determine whether DHS, CBP, and USCG efficiently acquired, converted, and modified their H-60 helicopters. DHS has 62 H-60 helicopters operated by CBP and the USCG, both of which are converting them to add about 15 years of operational life. DHS established processes and procedures to govern its aviation assets and provide acquisition oversight. However, these efforts did not fully coordinate the acquisition, conversion, and modification of DHS aviation assets, nor control acquisition costs, schedules, or performance. Although USCG properly managed its H-60 helicopter program, CBP did not. As a result, the Department and CBP experienced increased costs and delays in converting and modifying CBP's H-60 fleet. These delays have limited CBP's operation of its H-60s, and CBP anticipates removing nine of its H-60s from operations beginning in 2014. If DHS directs CBP and the USCG to complete the remaining CBP H-60 conversions and modifications at the USCG Aviation Logistics Center, DHS could save about \$126 million and have CBP H-60s able to fly 7 years sooner than anticipated. We made four recommendations that if implemented would improve the Department's management and oversight of its aviation assets, as well as CBP's aviation acquisitions and its H-60 program. (OIG-13-89, Revised, May 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-89_May13.pdf

CBP Use of Force Training and Actions To Address Use of Force Incidents

Following April 2012, media reports regarding the death of an undocumented immigrant while in the custody of CBP in May 2010, Senator Robert Menendez and 15 members of Congress requested that we review the use of force within CBP. We reviewed allegations of the use of excessive force by CBP employees and determined what reforms CBP has implemented. We also examined what effect adding more agents and officers to the workforce has had on training and professionalism.

We determined that the August 2006 to December 2009 workforce surge within CBP did not negatively affect use of force training within CBP. Also, pre-employment polygraph examinations have improved the quality of the CBP workforce. CBP has taken several steps to address the number of use of force incidents involving CBP employees. All CBP law enforcement agents and officers are required to follow a new common use of force policy and complete the same use of force training.

We made three recommendations. CBP should work with ICE to implement a method to identify excessive force allegations in its case management system, develop processes to incorporate information regarding assaults on agents that do not result in the use of force into its analyses of use of force incidents, and evaluate and act upon field audit results. DHS OIG will modify its case management system to identify in greater detail incidents involving excessive use of force allegations.

(OIG-13-114, September 2013, ISP)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-114_Sep13.pdf

U.S. Customs and Border Protection Has Taken Steps To Address Insider Threats, but Challenges Remain

We reviewed the efforts of CBP to address the risk posed by trusted insiders. Our objective was to assess CBP's progress toward protecting its information technology assets from threats posed by its employees, especially those with trusted or elevated access to sensitive information systems or data.

CBP has made progress in addressing the risk of insider threats across the organization. Specifically, CBP established a working group and a committee focused on the risk. Further, CBP researches employee behavior, conducts pre-employment screening including polygraph assessments, and participates in border corruption task forces with the FBI. Also, CBP established a Joint Intake

Center and Security Operations Center to identify, monitor, and respond centrally to potential insider threat risks or incidents in information systems and networks.

CBP can establish a framework to further strengthen its insider threat program by implementing policies and procedures that integrate the requirements, standards, and guidance provided by the administration, DHS, and the National Institute of Standards and Technology. In addition, CBP could implement a risk management plan that identifies the broad spectrum of insider threat risks facing CBP and how these risks could be mitigated. Furthermore, the current security and awareness training program should be expanded to include insider threat-based training for all agency employees.

Finally, CBP can strengthen the technical processes and controls for its technology infrastructure by applying critical security patches on information systems, reducing the use of unauthorized portable media devices, detecting or even preventing the exfiltration of sensitive information through email applications, and conducting periodic onsite vulnerability wireless security scans and assessments.

We made four recommendations that, if implemented, would strengthen CBP's management of the threat posed by trusted insiders.

(OIG-13-118, September 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-118_Sep13.pdf

INVESTIGATIONS

BPA Views Child Pornography

In a joint case with CBP Internal Affairs (IA), we investigated indications that a Border Patrol Agent (BPA) was viewing child pornography on his government-assigned computer. After locating images on the computer, we obtained a search warrant for his residence and home computers. Altogether, hundreds of pornographic images of

children were found on the home and government computers. He resigned from CBP and pleaded guilty to Possession of Child Pornography. He was sentenced to 78 months' incarceration, 96 months of supervised release, and ordered to pay a \$7,500 fine.

Woman Attempts Bribe of CBP Officer

In a joint case with CBP IA and ICE Office of Professional Responsibility, we investigated a Mexican national who had offered a bribe to a CBP Officer (CBPO) in exchange for not cancelling her visa. The CBPO reported the bribe attempt and with our investigators watching, he met with the briber and accepted \$335. When questioned, the briber confessed. She later pleaded guilty and was sentenced to 160 days' incarceration, 36 months of supervised release, and ordered not to reenter the United States.

CPB Officer Smuggles Drugs

We initiated an investigation into allegations that a corrupt CBPO was accepting bribes to allow narcotics to enter the United States through his inspection lane. After being found guilty at trial, the CBPO was sentenced to 144 months of incarceration, 60 months of supervised release, and ordered to pay a fine of \$22,000.

Border Patrol Supervisor Distributes Child Pornography

We were notified that authorities had identified an Internet provider address which appeared to contain child pornography for online distribution and was registered to a Supervisory BPA. Further investigation revealed that the address contained approximately 125 videos of suspected child pornography. When interviewed, he admitted that he was responsible for the pornography. After a guilty plea, he was sentenced to 30 months' incarceration and 120 months' supervised release.

CBP Officer Files False Travel Claims

We investigated a CBPO who was stationed outside of the U.S., after a review of his reimbursement claims discovered irregularities. When interviewed, the CBPO admitted to fraudulently inflating his expenditures. A forensic audit revealed that he had likely overinflated his costs

by approximately \$21,877. He pleaded guilty and resigned from Federal service. He was sentenced 12 months of probation, to include a 60-day period of electronic home monitoring and 60 hours of community service.

CBP Officer Smuggles Marijuana

After we received information that a CBPO on the Southwest border was suspected of assisting marijuana smugglers, we opened a joint case with the FBI and CBP IA. During a lengthy investigation, we established that the subject had allowed over 1,200 pounds of marijuana to pass through a Port of Entry. He was found guilty at trial, and at sentencing, the judge found that he had committed perjury when he testified. He was sentenced to 151 months' incarceration and 48 months of supervised release. In addition to the CBPO, two members of the public were each sentenced to 36 months' probation. One of them was also ordered to pay a \$1,000 fine.

UNITED STATES IMMIGRATION AND CUSTOMS ENFORCEMENT

MANAGEMENT REPORTS

Information Technology Management Letter for the Immigration and Customs Enforcement Component of the FY 2012 DHS Financial Statement Audit

We contracted with KPMG to perform an audit of the DHS consolidated balance sheet as of September 30, 2012, and the related statement of custodial activity. KPMG performed an evaluation of information technology general controls at ICE. As part of this review, KPMG noted certain matters involving internal control and other operational matters with respect to information technology and documented their comments and recommendations in the Information Technology Management Letter. The overall objective of the audit was to evaluate the effectiveness of IT general controls of ICE's financial processing environment and related IT infrastructure. KPMG noted that

ICE took corrective action to address many prior years' IT control weaknesses. However, during FY 2012, KPMG continued to find IT general control weaknesses at ICE. The most significant weaknesses from a financial statement audit perspective related to controls over FFMS and the weaknesses over physical security and security awareness. Collectively, the IT control weaknesses limit ICE'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 ICE'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-13-60, April 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-60_Apr13.pdf

U.S. Immigration and Customs Enforcement's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed ICE's internal control over financial reporting. The management letter discusses nine observations for management's consideration identified during the FY 2012 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal controls or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the Department of Homeland Security FY 2012 *Annual Financial Report*.

(OIG-13-66, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-66_Apr13.pdf

U.S. Immigration and Customs Enforcement's Enforcement and Removal Operations' Contract Funding and Payment Processes

ICE's Enforcement and Removal Operations (ERO) identifies and apprehends removable aliens,

detains these individuals when necessary, and removes illegal aliens from the United States. ERO prioritizes the apprehension, arrest, and removal of convicted criminals and those who pose a threat to national security or are a risk to public safety. ICE incurs expenses related to ERO activities from vendor contracts and similar agreements. Contracts that include the Subject to Availability of Funds (SAF) clause allow contracting officers to initiate contract actions chargeable to funds of the new fiscal year before these funds are available. The SAF clause indicates to service providers that funds are not available for the contract at a particular date, and work may not begin until the contractor is provided written notification that funds are available. Our audit objective was to determine whether ICE is appropriately managing its contract funding and payment processes. We determined that ICE rejected some proper invoices for contracts that included the SAF clause and did not accurately calculate or pay interest penalties on some proper invoices. We recommended that ICE develop a plan to provide written notification to vendors indicating that funds are available before the performance start date of services; revise standard operating procedures; ensure obligations are recorded timely; and continue implementation of corrective actions.

(OIG-13-80, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-80_Apr13.pdf

The Performance of 287(g) Agreements FY 2013 Update

Section 287(g) of the *Immigration and Nationality Act*, as amended, authorizes DHS to delegate Federal immigration enforcement authorities to state and local law enforcement agencies through formal, written agreements. The agreements outline terms and conditions for program activities and establish a process for ICE to supervise and manage program functions. This report is an update to four OIG reports: 1) OIG-10-63, *The Performance of 287(g) Agreements*, issued in March 2010; 2) OIG-10-124, *The Performance of 287(g) Agreements Report Update*, issued September 2010; 3) OIG-10-119, *The Performance of 287(g) Agreements Report FY 2011 Update*, issued September 2011; and 4) OIG-12-13,

The Performance of 287(g) Agreements FY 2012 Follow-Up, issued September 2012, with a total of 64 recommendations to improve overall operations of the 287(g) program.

During this review, we determined that ICE has implemented all of the prior recommendations. We made no further recommendations.

(OIG-13-116, September 2013, ISP)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-116_Sep13.pdf

INVESTIGATIONS

ICE Employee and Wife Commit Fraud

We and the FBI jointly investigated an ICE employee and his wife after the wife's employer noticed suspicious financial activity. During the investigation, the employee resigned, and he and his wife later pleaded guilty to one count of wire fraud and two counts of filing a false tax return. The former ICE employee received 8 months' home detention, 60 months' probation, and was ordered to pay \$191,049. The wife was sentenced to 33 months' incarceration, 36 months of supervised release, and ordered to pay \$781,177 in restitution to her former employer.

Contract Employee Assaults Detainee

We investigated an employee of an ICE contract medical detention center who physically assaulted a detainee who had the estimated cognitive function of a young child. We also determined that the employee failed to disclose previous arrests on his job application which, if properly disclosed, would have prevented him from employment at the facility. He pleaded guilty and was given a suspended sentence of 24 months and 18 months' probation. Additionally, as part of his plea agreement, he agreed not to seek or gain employment in a care-giving capacity.

Immigration Marriage Fraud Committed

We investigated the activities and associates of a senior ICE employee who was taking bribes to assist an immigration marriage fraud ring. During this reporting period, one of the conspirators was sentenced to 40 months' incarceration, 36 months' supervised release, and ordered to pay \$3,395,567 to a bank he defrauded.

Man Attempts To Bribe Officials

We investigated a member of a drug trafficking organization who offered a bribe to a local police official and an ICE Special Agent. The briber sought law enforcement sensitive information related to the drug trafficking organization with which he was affiliated. The law enforcement officers reported the attempt and later met with the briber, who handed them each a packet containing \$5,000. The briber pleaded guilty and was sentenced to 180 months' imprisonment and 60 months' probation.

ICE Employee Sells Drugs

With the Texas Department of Public Safety, Criminal Investigation Division, we jointly investigated an ICE Immigration Enforcement Agent (IEA) who was selling steroids and other prescription medications. On two occasions, the IEA sold controlled substances to undercover agents. He pleaded guilty and was sentenced to 60 months' probation and ordered to pay a \$500 fine.

ICE Contract Employee Smuggles Contraband

In response to information obtained from a former detainee, we began an investigation of contraband smuggling into an ICE contract detention facility. After placement of an undercover operative, we successfully made several purchases of illegally-introduced prescription medication inside the facility. After our arrest of a contract corrections officer, he pleaded guilty and was sentenced to 36 months' probation.

UNITED STATES SECRET SERVICE

United States Secret Service's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed the United States Secret Service's (USSS) internal control over financial reporting. The management letter discusses four observations for management's consideration identified during the FY 2012 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal

controls or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the Department of Homeland Security FY 2012 *Annual Financial Report*.

(OIG-13-65, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-65_Apr13.pdf

INVESTIGATIONS

USSS Agent Illegally Hides Funds

We investigated a USSS Special Agent who structured financial transactions to evade financial reporting requirements in an attempt to conceal assets while undergoing divorce proceedings. He resigned from employment, pleaded guilty, and was sentenced to one day of incarceration and 24 months' probation.

MULTIPLE COMPONENTS

MANAGEMENT REPORTS

Information Technology Management Letter for the FY 2012 Department of Homeland Security Financial Statement Audit

We contracted with the independent public accounting firm KPMG to perform a review of DHS' IT general controls in support of the FY 2012 DHS financial statement engagement. The overall objective of this review was to evaluate the effectiveness of IT general controls of DHS' financial processing environment and related IT infrastructure as necessary to support the engagement. KPMG also performed technical security testing for key network and system devices, as well as testing over key financial application controls. KPMG noted that DHS took corrective action to address many prior years' IT control weaknesses. However, during FY 2012, KPMG continued to find IT general control weaknesses at each component. The most significant weaknesses from a financial statement audit perspective related to entity-wide security, access controls, and service continuity. Collectively,

the IT control weaknesses limit DHS' ability to ensure that critical financial and operational data is maintained in such a manner to ensure confidentiality, integrity, and availability. In addition, these weaknesses negatively impact the internal controls over DHS' 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-13-64, April 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-64_Apr13.pdf

Management Directorate's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed the Management Directorate's internal control over financial reporting. The management letter discusses one observation for management's consideration identified during the FY 2012 financial statement audit. This observation was discussed with the appropriate members of management and is intended to improve internal controls or result in other operating efficiencies. This issue did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the Department of Homeland Security FY 2012 *Annual Financial Report*.

(OIG-13-68, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-68_Apr13.pdf

National Flood Insurance Program's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit

KPMG, under contract with DHS OIG, reviewed the National Flood Insurance Program's internal controls over financial reporting. The management letter discusses four observations for management's consideration identified during the FY 2012 financial statements audit. These observations were discussed with the appropriate members of management and are intended to improve internal controls or result in other operating efficiencies. These issues did not meet the criteria to be

reported in the *Independent Auditors' Report on DHS' FY 2012 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2012, included in the DHS FY 2012 *Annual Financial Report*.

(OIG-13-86, April 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-86_Apr13.pdf

DHS' Policies and Procedures over Conferences

We performed this audit to determine whether DHS has effective procedures to ensure compliance with all applicable Federal laws and regulations on conferences. The Department has established policies and procedures to ensure that conference spending is appropriate and in the best interest of the U.S. Government and taxpayers, but further improvements are needed. Although the Department complies with most aspects of the Office of Management and Budget's guidance, it has not finalized its guidance on conferences and has not always adhered to its policies on conference oversight. To that end, DHS cannot be assured that all conference spending is appropriate or in the best interest of the U.S. Government and taxpayers. The Department concurred with our recommendation to assist in improving oversight and reporting of conference planning and approval of activities across the Department.

(OIG-13-96, June 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-96_Jun13.pdf

Homeland Security Information Network Improvements and Challenges

We sought to determine the effectiveness of the Homeland Security Information Network (HSIN) in supporting information sharing among select stakeholders as well as progress made with HSIN since our October 2008 report, *DHS' Efforts to Improve the Homeland Security Information Network (OIG-09-07)*. We determined that since 2008, DHS has made progress in addressing the planning and governance issues we identified. Specifically, system program management performed an analysis of alternatives, revalidated stakeholder requirements, and developed other strategies to realign the program to address system challenges and concerns. Still, system program

management has faced challenges implementing the new system release on schedule. Migration from the legacy system to the new platform has been delayed because of contracting and technical challenges. Although certain communities were using the system to share information successfully, the system was not routinely or widely used to share information throughout the homeland security enterprise. Specifically, the number of system account holders remained limited, and the extent to which those account holders were using the system was also constrained because of challenges with system content and performance. As a result, the system had not fully met its objective to support effective information sharing among homeland security partners. We recommended that the Director of Operations Coordination and Planning develop a plan to increase DHS components' adoption of the system, address current system performance issues through the planned system upgrade, and develop a plan to improve communication and collaboration with State and local stakeholders to expand exposure to HSIN and the capabilities the system can provide. (OIG-13-98, June 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-98_Jun13.pdf

DHS' Efforts To Screen Members of Foreign Terrorist Organizations

In June 2012, former Chairman Peter T. King, of the House Committee on Homeland Security, raised concerns that Mr. Eldin, a self-proclaimed member of Gama'a al-Islamiyya (the Islamic Group), which the Department of State has designated a Foreign Terrorist Organization (FTO) since 1997, was issued a visa and granted admission into the United States. Former Chairman King requested that we review DHS admissibility processes for FTO members. He also asked that we establish whether DHS has a potential role or has been consulted about transferring convicted terrorist Omar Abdel Rahman from U.S. custody to Egyptian custody. We assessed DHS' efforts to screen FTO members. Specifically, we reviewed whether (1) DHS has policies and procedures for admitting FTO members into the United States; (2) DHS and the Department of State coordinate their efforts when waivers for inadmissibility are granted to FTO members;

(3) the admittance of a specific individual to the United States was in compliance with applicable Federal laws and DHS policies; and (4) DHS has a role in custodial transfers of foreign nationals who are in Department of Justice custody on terrorism charges. We determined DHS has policies and procedures for admitting FTO members into the United States, and collaborating with other departments and agencies when screening FTO members and issuing inadmissibility waivers. DHS did not determine any derogatory information on Mr. Eldin prior to admitting him, and DHS followed established procedures for allowing Mr. Eldin into the United States. However, we identified operational challenges that may reduce the effectiveness of DHS' visa security processes. We made three recommendations to enhance DHS' efforts to screen FTO members. The Department concurred with all recommendations. (OIG-13-103, July 2013, ISP)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-103_Jul13.pdf

Reducing Overclassification of DHS National Security Information

DHS creates, receives, handles, and stores classified material as part of its homeland security, emergency response, and continuity missions. We assessed the classification management and control marking programs of the Office of Chief Security Officer and 13 components to ensure that they have the necessary resources to implement programs effectively, that records systems are designed and maintained to optimize appropriate sharing and safeguarding of classified information, and that senior agency officials are designated to direct and administer programs. We determined whether applicable classification policies, procedures, rules, and regulations have been adopted, followed, and effectively administered; and identified policies, procedures, rules, regulations, and management practices that may be contributing to persistent misclassification. DHS has adopted and successfully implemented all policies and procedures required by applicable Federal regulations and intelligence community directives. However, the Department's program can be strengthened by better capturing all classified holdings and by deploying a new classifi-

cations management tool to components once testing of the tool is complete. We made two recommendations that if implemented will improve the Department's overall management of its classification processes. DHS concurred with both recommendations.

(OIG-13-106, August 2013, ISP)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-106_Jul13.pdf

Implementation of L-1 Visa Regulations

Senator Charles Grassley asked us to examine the potential for fraud or abuse in the L-1 visa (intra-company transferee) program. L-1 visas allow qualifying businesses to transfer some of their foreign employees with management, professional, and specialist skills temporarily to the United States. Through domestic and international fieldwork, we observed DHS personnel and Department of State consular officials process L-1 petitions and visas. We interviewed 71 managers and staff in DHS and the Department of State.

We determined that USCIS's regulations, directives, and other guidance regarding the definition of specialized knowledge are insufficient to ensure consistent application of L-1 visa program requirements. We also determined that program effectiveness would be improved and risks reduced with additional training for CBPOs who administer L-1 visa regulations at the northern land border. We recommend improved internal controls of the fee collection process at the northern land border.

We identified other issues that increase the opportunity for fraud and abuse in the L-1 visa program, and made 10 recommendations to improve the integrity of the L-1 visa program. (OIG-13-107, August 2013, ISP)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-107_Aug13.pdf

DHS Needs To Strengthen Information Technology Continuity and Contingency Planning Capabilities

The lessons learned from such catastrophic events as the attacks of September 11, 2001, Hurricane Katrina in 2005, and Hurricane Sandy in 2012,

demonstrate the need to incorporate continuity as a good business practice into day-to-day planning to reduce vulnerability and ensure resilience. An organization's resilience is the ability to resist, absorb, recover from, report, or adapt successfully to adversity or a change in conditions and is directly related to the effectiveness of its continuity capability. DHS' ability to perform mission essential functions continuously rests upon the availability and integrity of its mission essential systems and critical communications assets. The audit objective was to assess the progress undertaken by the Department's Office of the Chief Information Officer to implement and maintain continuity of operations and disaster recovery and contingency planning capabilities. Generally, DHS has made progress toward implementing effective disaster recovery capabilities at the Department's two enterprise data centers. Specifically, it has established a list of disaster recovery services that DHS components can procure for their systems. Additionally, the enterprise data centers now have disaster recovery enclaves that provide backup capabilities that allow continued minimum operations in the event of a disaster.

Although DHS has strengthened its disaster recovery capabilities at the enterprise data centers, more work is needed. For example, the Office of the Chief Information Officer's inadequate continuity and contingency planning increases the risk that the Department may not be able to respond effectively in case of an emergency or disaster. Specifically, the Department does not have a headquarters information technology disaster recovery plan that details the transition of its headquarters critical information systems and communication assets from the primary site to the alternate site. Also, the Office of the Chief Information Officer has not established policy that requires mission essential systems to be rated as having "high" criticality in accordance with the National Institute of Standards and Technol-

ogy's Federal Information Processing Standards Publication 199. Finally, because of contingency planning weaknesses, all seven of the Department's enterprise mission essential systems that we reviewed are at risk of not having capabilities to react to emergency events, to restore essential business functions if a disruption occurs, and to resume normal operations.

(OIG-13-110, August 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-110_Aug13.pdf

Research and Development Efforts To Secure Rail Transit Systems

Passenger rail systems worldwide have been targets of terrorist attacks, primarily using improvised explosive devices. In 2010, two suicide bombers blew themselves up in Moscow, Russia's subway system. Previous attacks include a series of bombs exploding on commuter trains in Mumbai, India, Madrid, Spain, and in London, United Kingdom. These attacks plus alleged terrorist plots involving rail transit systems in the United States show that these systems continue to be attractive targets for terrorists.

Within DHS, TSA is responsible for securing the nation's transportation systems. TSA also participates in Science and Technology Directorate (S&T) efforts to identify and submit technology requirements and coordinate with other DHS internal stakeholders. Given that both TSA and S&T share responsibility, it is critical that they coordinate research and development efforts to ensure prioritization of the greatest threat and minimize duplication.

This report evaluates (1) how critical gaps in detecting improvised explosive device threats against mass transit systems are identified and prioritized for research and development, and (2) how S&T coordinates research and development efforts with TSA to address those gaps. The scope of this review was limited to the transportation sector's mass transit mode, specifically subway systems.

We determined that S&T and TSA are successful in identifying and consolidating capability gaps. In addition, S&T and TSA are effectively collaborating in research and development efforts to address mass transit security needs. We also identified that TSA does not have written guidelines or directives to formalize the gap analysis process.

We issued one recommendation that TSA formally document the newly implemented process for identifying capability gaps to ensure consistency in future gap reviews.

(OIG-13-111, August 2013, ISP)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-111_Aug13.pdf

DHS Needs To Manage Its Radio Communication Program Better

We performed this audit to determine whether DHS is managing its radio program and related inventory in a cost-effective manner to avoid wasting taxpayer dollars. We determined that DHS is unable to make sound investment decisions for radio equipment and supporting infrastructure because the Department is not effectively managing its radio communication program. DHS does not have reliable Department-wide inventory data or an effective governance structure to guide investment decision-making. As a result, DHS risks wasting taxpayer dollars on equipment purchases and radio system investments that are not needed, sustainable, supportable, or affordable. Two components we visited stored more than 8,000 radio equipment items valued at \$28 million for a year or longer at their maintenance and warehouse facilities, while some programs faced critical equipment shortages. Portfolio management is central to making informed decisions about how to best allocate available equipment to ensure the right equipment is in place at the right locations and in the quantities needed to conduct mission operations.

We made two recommendations for DHS to (1) establish a single point of accountability at the Department level with the authority, resources, and information to ensure a portfolio approach is implemented for its radio communication

program; and (2) develop a single portfolio of radio equipment and infrastructure, which will identify and describe the data elements needed to manage radio equipment and infrastructure; develop policies and implement procedures for standard data reporting of radio equipment and infrastructure; and develop policies and implement procedures for verifying the accuracy and completeness of reported radio inventory data. DHS concurred with both recommendations. (OIG-13-113, August 2013, OA)
http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-113_Aug13.pdf

DHS Uses Social Media To Enhance Information Sharing and Mission Operations, But Additional Oversight and Guidance Are Needed

Our audit objective was to determine the effectiveness of DHS' and its components' use of Web 2.0 technologies to facilitate information sharing and enhance mission operations. We determined that although DHS prohibits social media access to employees using a government-issued electronic device or computer unless a waiver or exception is granted, the Department has steadily increased its use of various social media sites over the past five years. Specifically, the Department and each of its seven operational components have established accounts in commonly used social media sites. Public affairs employees have had wide success using these sites to share information and conduct public outreach efforts and are effectively managing these initiatives. In addition, component public affairs offices have implemented policies and procedures to provide guidance to employees. DHS and its operational components have recognized value in using social media to gain situational awareness and support mission operations, including law enforcement and intelligence-gathering efforts. However, additional oversight and guidance are needed to ensure that employees use technologies appropriately. In addition, improvements are needed for centralized oversight to ensure that leadership is aware of how social media are being used and for better coordination to share best practices. Until improvements are made, the Department is hindered in its ability to assess all the benefits and risks of using social media to support mission operations.

We recommended that the Department communicate the process to gain access to social media; establish a list of approved social media accounts used throughout the Department; complete the Department-wide social media policy to provide legal, privacy, and information security guidelines for the approved uses of social media; ensure that components develop and implement social media policies; and establish a forum for the Department and its components to collaborate and make decisions on the use of social media tools.

(OIG-13-115, September 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-115_Sep13.pdf

CBP's and USCG's Controls over Exports Related to Foreign Military Sales

Our objective was to determine whether CBP and USCG have adequate controls over the Foreign Military Sales (FMS) export process. CBP and the USCG need to improve their controls over exports related to FMS. CBP relies on exporter/shipper submitted data provided via the Automated Export System. The accuracy of the exporter/shipper submitted data may affect the risk assessment for targeted FMS-related shipment for further inspection and potential enforcement action by CBP. Furthermore, the absence of a centralized system for tracking FMS-related shipments results in an inefficient process and increases the risk of potentially unauthorized exports. CBP's guidance for handling FMS-related shipments is outdated, and CBP export officers do not receive formal FMS-specific training.

Of the USCG contracts for FMS-related items that we reviewed, not all specified that the items being procured were part of an FMS agreement, nor did they all include a requirement to comply with FMS-related laws and regulations. In addition, USCG does not have access to the Automated Export System and is not required by FMS regulations to verify that USCG-contracted shippers correctly enter FMS export information into the system. CBP and USCG concurred with our three recommendations to strengthen program operations and oversight.

(OIG-13-119, September 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-119_Sep13.pdf

INVESTIGATIONS

Man Impersonates DHS Agent

We received notification that a man claiming to be a DHS agent had entered a car dealership and inquired about installation of emergency equipment for his personal vehicle. The man was wearing a firearm, but was not displaying any badge. We placed a telephone call to the individual who told us he was a DHS agent and was interested in ordering emergency equipment and law enforcement vehicles. We verified that he had never had any law enforcement affiliation. When questioned, he confessed to impersonation. He entered a guilty plea and was sentenced to 60 months' probation and ordered to pay a \$1,000 fine.

BPA's Smuggle Illegal Aliens

With the ICE Office of Professional Responsibility, we investigated two brothers, who were BPAs and engaged in the smuggling of illegal aliens into the U.S. for profit. Approximately 18 months into the investigation, the brothers learned that they were the subjects of investigation, and they fled into Mexico. After they fled, they and conspirators were named in an 18-count indictment. They were apprehended by Mexican authorities and were extradited. Along with a Mexican national who had conspired with them, they were found guilty at trial. One of the brothers was sentenced to 420 months' incarceration, 36 months' supervised release, and ordered to pay a fine of \$250,000. The second brother was sentenced to 360 months' incarceration, 36 months' supervised release, and ordered to pay a fine of \$250,000. The Mexican national was sentenced to 70 months' incarceration and 36 months' supervised release.

FEMA Applicant Threatens Violence

With FPS, we investigated a member of the public who called a FEMA call center and willfully made a threat to "blow up" a FEMA installation after he was deemed ineligible for disaster benefits. He pleaded guilty and was sentenced to 12 months' probation.

OTHER OFFICE OF INSPECTOR GENERAL ACTIVITIES



OVERSIGHT OF NONDEPARTMENTAL AUDITS

During this period, we completed 57 desk reviews of Single Audit reports issued by independent public accountant organizations. Single Audit reports refer to audits conducted according to the *Single Audit Act of 1996*, as amended by Public Law 104-156.

Of the 57 desk reviews, 4 letters are currently in process for review and signature. We use the results of audits and investigations of grantees and subgrantees as a tool for identifying areas for further analysis, and for helping DHS improve grants management practices and program performance. We will support DHS in its efforts to monitor and follow up on recommendations from independent external audits of DHS’ grantees and subgrantees under the *Single Audit Act*, as amended. In addition, we will perform quality reviews of independent auditors to ensure consistency and adherence to Single Audit guidelines.

COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENTCY (CIGIE) REPORT

New Media for Offices of Inspectors General: A Discussion of Legal, Privacy, and Information Security Issues

In 2011, the DHS OIG-led CIGIE working group on new media became a CIGIE permanent standing working group. Pursuant to a recommendation endorsed by CIGIE, one of the main tasks of the working group was to issue an educational guide on legal, privacy, and information security new media issues. This report fulfills that recommendation. The report focused on two OIG uses of new media: official use, such as for public affairs outreach and human resources purposes, and unofficial use by employees. It

provided guidance on a range of legal and policy issues, including constitutional considerations, information and privacy, accessibility, ethics, terms of service, intellectual property, information collection, liability, and records management. It also offered insights into the information security challenges inherent in installing, hosting, monitoring, and managing official new media ventures. The report made no recommendations. (OIG-13-121, September 2013, OIG) http://www.oig.dhs.gov/assets/Mgmt/2013/OIG_13-121_Sep13.pdf

SUMMARY OF 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 64 reports containing 175 recommendations that have been unresolved for more than 6 months.

These reports and recommendations remain unresolved because the Department has not provided us with a complete “management decision” concern the recommendations. OMB Circular A-50, Audit Follow up, requires departments and agencies to submit to OIGs a complete “management decision” in order to resolve OIG recommendations. Further, the circular requires the “management decision” to include three elements: the department’s or agency’s statement detailing its (1) agreement or disagreement with the recommendation, (2) the corrective action(s) planned, and (3) target implementation date, if necessary. We have not received a complete “management decision” for our reports, as follows:

FEMA-related disaster assistance grant reports	13
Management reports	51
Total	64

PARTNERSHIP WITH THE RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD

In April 2013, we assigned a Special Agent in Charge to the Recovery Accountability and Transparency Board (Board) to help protect Hurricane Sandy disaster relief funds. The Special Agent manages and coordinates the Board's efforts to detect and deter the misuse of disaster relief funds and is a vital coordinator of and link to the law enforcement community. The Special Agent's work involves planning, developing, and coordinating the Board's national strategy for disaster fraud concerns. In August 2013, we assigned a second OIG employee to the Board.

As a result of our actions, beginning in May 2013, the Board analyzed 104 debris removal companies that received more than \$350 million in Hurricane Sandy disaster relief funds in New York and New Jersey. In July, the Board provided a report to us identifying 25 high-risk debris removal companies. By August 2013, we had initiated 12 Hurricane Sandy-related audits, four of which are based on Board analytical findings, and 41 criminal investigations related to Hurricane Sandy, three of which are based on Board analytical findings and involve public assistance program funds.

In September 2013, law enforcement staff from the Board and our staff developed the National Response Strategy for Declared Disasters (Strategy). The Strategy establishes an ongoing partnership between the Board and OIG. Currently, our Counsel is reviewing the Strategy, which should be incorporated into DHS OIG's Investigative Manual by the end of 2013. Also in September 2013, the Internal Revenue Service Criminal Investigation Division (IRSCID) assessed the Board's ability to handle requests for analysis that contain Grand Jury information. IRSCID will recommend that the Board develop and implement organizational protocols for handling Grand Jury materials. Implementing Grand Jury protocols will expand the Board's ability to support its Federal law enforcement partners.

In October 2013, the Board formally established a Director-level Law Enforcement Office (LEO) to provide direct analytical support to Federal law enforcement disaster response partners and stakeholders and manage the Board's national strategy for disaster fraud concerns. LEO staff will manage and coordinate Board resources used to support Federal law enforcement disaster response actions and leverage Board IT resources to identify, target, and enhance the effect of audits and investigations.

LEGISLATIVE AND REGULATORY REVIEWS



Under the *Inspector General Act*, we review and comment on existing and proposed legislation and regulations affecting DHS programs and operations to foster economy and efficiency, and detect fraud, waste, and abuse. We are members of CIGIE, which provides a means to comment on existing and proposed legislation

and regulations that have government-wide effect and will participate in DHS' Regulatory Affairs Management System Pilot Program Training.

During this reporting period, we reviewed more than 100 draft legislative and regulatory proposals, draft DHS policy directives, and other matters.

CONGRESSIONAL TESTIMONY AND BRIEFINGS



The Deputy Inspector General and Assistant Inspectors General testified before congressional committees seven times during this time period. Testimony prepared for these hearings may be accessed on our website at www.oig.dhs.gov.

The Deputy Inspector General testified at the following hearings:

- May 8, 2013 – House Committee on Homeland Security, Subcommittee on Transportation Security at a hearing entitled, “TSA Procurement Reform: Saving Taxpayer Dollars through Smarter Spending Practices.”
- May 16, 2013 – House Committee on Homeland Security, Subcommittee on Cybersecurity, Infrastructure Protection, and Security Technologies at a hearing entitled, “Facilitating Cyber Threat Information Sharing and Partnering With the Private Sector To Protect Critical Infrastructure: An Assessment of DHS Capabilities.”

The Assistant Inspector General for Audits testified at the following hearings:

- April 26, 2013 – House Committee on Homeland Security, Subcommittee on Oversight and Management Efficiency at a hearing entitled, “Cutting DHS Duplication and Wasteful Spending: Implementing Private Sector Best Practices and Watchdog Recommendations.”
- May 7, 2013 – Senate Committee on Homeland Security and Governmental Affairs at a hearing entitled, “Border Security: Examining Provisions in the Border Security, Economic Opportunity, and Immigration Modernization Act (S. 744).”
- June 25, 2013 – Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Emergency Management, Intergovernmental Relations, and the District of Columbia at a hearing entitled, “Are We Pre-

pared? Measuring The Impact of Preparedness Grants Since 9/11.”

- September 19, 2013 – House Committee on Homeland Security, Subcommittee on Oversight and Management Efficiency at a hearing entitled, “DHS Acquisition Practices: Improving Outcomes for Taxpayers Using Defense and Private Sector Lessons Learned.”

The Acting Assistant Inspector General for Inspections testified at the following hearing:

- July 31, 2013 – House Committee on Homeland Security, Subcommittee on Transportation Security and Subcommittee on Oversight and Management Efficiency at a hearing entitled, “TSA Integrity Challenges: Examining Misconduct by Airport Security Personnel.”

We briefed congressional members and their staffs at a steady pace throughout the reporting period. Our office conducted over 41 briefings for congressional staff on the results of our work, including: (1) Transportation Security Administration’s Screening Partnership Program (OIG-13-99); (2) Transportation Security Administration’s Screening of Passengers by Observation Techniques (OIG-13-91); (3) DHS’ H-60 Helicopter Programs (OIG-13-89); (4) DHS Involvement in Organized Crime and Drug Enforcement Task Force Operation Fast and Furious (OIG-13-49); and (5) Effectiveness of the Infrastructure Security Compliance Division’s Management Practices to Implement the Chemical Facility Anti-Terrorism Standards Program (OIG-13-55).

We will continue to meet with congressional members and their staffs to discuss our assessments of the Department’s programs and operations and to brief them on completed and planned work.

APPENDIXES



Appendix 1

Reports with Monetary Findings

Questioned Costs^{(a)(g)}

Report Category	Number		Total Questioned Costs ^(c)	Unsupported Costs ^(d)
	Reports	Recommendations		
A. Reports pending management decision at the start of the reporting period	51	120	\$311,555,306	\$161,069,277
B. Reports issued/processed during the reporting period with questioned costs	24	72	\$83,605,781	\$5,610,125
Total (A+B)	75	192	\$395,161,087	\$166,679,402
C. Reports for which a management decision was made during the reporting period (b)(e)	35	79	\$267,303,364	\$148,789,084
(1) Disallowed costs	20	39	\$22,200,830	\$3,501,047
(2) Accepted costs (f)	28	36	\$117,101,015	\$12,329,146
D. Reports put into appeal status during period	0	0	\$0	\$0
E. Reports pending a management decision at the end of the reporting period	40	113	\$127,857,723	\$17,890,318
F. Reports for which no management decision was made within 6 months of issuance	20	47	\$54,610,323	\$12,950,162

Notes and Explanations:

(a) The *Inspector General Act, as amended*, requires Inspectors General and agency heads to report cost data on management decisions and final actions on audit reports. The current method of reporting at the “report” level rather than at the individual audit “recommendation” level results in incomplete reporting of cost data. Under the Act, an audit “report” does not have a management decision or final action until all questioned cost items or other recommendations have a management decision. Under these circumstances, the use of the “report” based rather than the “recommendation” based method of reporting distorts the actual agency efforts to resolve and complete action on audit recommendations. For example, although management may have taken timely action on all but one of many recommendations in an audit report, the current “all or nothing” reporting format does not recognize their efforts. To resolve this issue, we present DHS management decisions on reports and recommendations.

(b) The sum of numbers and dollars in Section C lines C (1) and C (2) will not always equal the total in Section C

because some reports contain both accepted and disallowed costs, and recommendations may be resolved by DHS OIG before DHS determines the final disposition on the total questioned costs. Also, resolution may result in values different from the original recommendations.

(c) **Questioned Costs** – These costs result when auditors question expenses resulting from alleged violations of provisions of laws, regulations, grants, cooperative agreements, or contracts. A “questioned” cost is a finding which, at the time of the audit, is not supported by adequate documentation or is unreasonable or unallowable. A funding agency is responsible for making management decisions on questioned costs, including an evaluation of the findings and recommendations in an audit report. A management decision against the auditee would transform a questioned cost into a disallowed cost. Our amounts in the Total Questioned Cost column represent only the Federal share of questioned costs. These questioned costs include ineligible and unsupported costs.

- (d) **Unsupported Costs** – These costs are a subset of Total Questioned Costs and are also shown separately under the Unsupported Costs column as required by the *IG Act*. These costs were not supported by adequate documentation at the time of the audit.
- (e) **Management Decision** – This occurs when DHS management informs us of its intended action in response to a recommendation, we determine that the proposed action(s) address the finding, and the decision conforms to OMB Circular A-50 requirements.
- (f) **Accepted Costs** – These are previously questioned costs accepted in a management decision as allowable costs to a Government program. Before acceptance, we must agree with the basis for the management decision.
- (g) **Federal Share** – This amount represents that portion of a grant award that is funded by the Federal Government. The Federal Government does not always provide 100 percent funding for a grant. The grantee (usually a state) or the subgrantee (usually a local government or non-profit entity) may be responsible for funding the non-Federal share. In this report, DHS OIG reports only the Federal share of questioned costs as a monetary benefit to the Federal Government because funds provided by the grantee or subgrantee would not be returned to the Federal Government.

Appendix 1

Reports with Monetary Findings (continued) Funds Put to Better Use^(h)

Report Category	Number		Amount
	Reports	Recommendations	
A. Reports pending management decision at the start of the reporting period	14	17	\$24,764,423
B. Reports issued during the reporting period	9	10	\$127,868,973
Total (A+B)	23	27	\$152,633,396
C. Reports for which a management decision was made during the reporting period (b)	14	16	\$124,336,163
(1) Value of recommendations agreed to by management for deobligation/avoidance	8	8	\$91,645,718
(2) Value of recommendations not agreed to by management (allowed by management)	2	2	\$12,766,784
D. Reports put into the appeal status during the reporting period	0	0	\$0
E. Reports pending a management decision at the end of the reporting period	9	11	\$28,297,233
F. Reports for which no management decision was made within 6 months of issuance	5	7	\$3,287,120

Notes and Explanations:

- (h) **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 2¹**Compliance – Resolution of Reports and Recommendations**

MANAGEMENT DECISION IS PENDING	
03/31/2013	
Reports open and unresolved more than 6 months	107
Recommendations open and unresolved more than 6 months	357
09/30/2013	
Reports open and unresolved more than 6 months	64
Recommendations open and unresolved more than 6 months	175
CURRENT INVENTORY	
Open reports at the beginning of the period	289
Reports issued this period	100
Reports closed this period	128
Open reports at the end of the period	261
ACTIVE RECOMMENDATIONS	
Open recommendations at the beginning of the period	1,239
Recommendations issued this period	293
Recommendations reopened this period	2
Recommendations closed this period	469
Open recommendations at the end of the period	1,065

¹ Includes management and disaster assistance grant reports

Appendix 3

Management Reports Issued

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
1. OIG-13-56	4/13	Federal Law Enforcement Training Center's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
2. OIG-13-57	4/13	U.S. Citizenship and Immigration Services' Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
3. OIG-13-58	4/13	Information Technology Management Letter for the FY 2012 Department of Homeland Security Financial Statement Audit	\$0	\$0	\$0
4. OIG-13-59	4/13	United States Coast Guard's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
5. OIG-13-60	4/13	Information Technology Management Letter for the Immigration and Customs Enforcement Component of the FY 2012 Department of Homeland Security Financial Statement Audit	\$0	\$0	\$0
6. OIG-13-61	4/13	Office of Health Affairs' Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
7. OIG-13-62	4/13	Information Technology Management Letter for the Federal Law Enforcement Training Center Component of the FY 2012 Department of Homeland Security Financial Statement Audit	\$0	\$0	\$0
8. OIG-13-63	4/13	Information Technology Management Letter for the United States Coast Guard Component of the FY 2012 Department of Homeland Security Financial Statement Audit	\$0	\$0	\$0
9. OIG-13-64	4/13	Information Technology Management Letter for the Federal Emergency Management Agency Component of the FY 2012 Department of Homeland Security Financial Statement Audit	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
10. OIG-13-65	4/13	United States Secret Service's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
11. OIG-13-66	4/13	U.S. Immigration and Customs Enforcement's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
12. OIG-13-67	4/13	National Protection and Programs Directorate's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
13. OIG-13-68	4/13	Management Directorate's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
14. OIG-13-69	4/13	Science and Technology Directorate's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
15. OIG-13-70	4/13	The Office of Financial Management's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
16. OIG-13-71	4/13	Domestic Nuclear Detection Office's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
17. OIG-13-72	4/13	Mississippi's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2008 Through 2010	\$991,681	\$661,753	\$0
18. OIG-13-73	4/13	Costs Claimed by Kinder Morgan Liquid Terminals LLC Under Port Security Grants Awarded by the Federal Emergency Management Agency	\$0	\$0	\$0
19. OIG-13-74	4/13	North Carolina's Management of Homeland Security Program Grants Awarded During Fiscal Years 2008 Through 2010	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
20. OIG-13-75	4/13	Federal Emergency Management Agency's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
21. OIG-13-76	4/13	Office of Intelligence and Analysis' Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
22. OIG-13-77	4/13	FEMA Can Improve Its Purchase Controls at Joint Field Offices	\$0	\$0	\$0
23. OIG-13-78	4/13	Information Technology Management Letter for the Transportation Security Administration Component of the FY 2012 Department of Homeland Security Financial Statements Audit	\$0	\$0	\$0
24. OIG-13-79	4/13	Transportation Security Administration's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
25. OIG-13-80	4/13	U.S. Immigration and Customs Enforcement's Enforcement and Removal Operations' Contract Funding and Payment Processes	\$0	\$0	\$0
26. OIG-13-81	4/13	Information Technology Management Letter for the Citizenship and Immigration Services Component of the FY 2012 Department of Homeland Security Financial Statements Audit	\$0	\$0	\$0
27. OIG-13-82	4/13	Transportation Security Administration Logistics Center – Inventory Management	\$0	\$0	\$0
28. OIG-13-83	4/13	Costs Claimed by Metropolitan Transportation Authority of New York Under Transit Security Grants	\$6,284,342	\$0	\$0
29. OIG-13-84	4/13	FEMA's Initial Response to Hurricane Isaac in Louisiana Was Effective and Efficient	\$0	\$0	\$0
30. OIG-13-85	4/13	The State of New York Needs To Sign Mission Assignments More Quickly	\$0	\$0	\$11,700,000

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
31. OIG-13-86	4/13	National Flood Insurance Program's Management Letter for FY 2012 DHS Consolidated Financial Statements Audit (Redacted)	\$0	\$0	\$0
32. OIG-13-87	5/13	Federal Emergency Management Agency Privacy Stewardship	\$0	\$0	\$0
33. OIG-13-88 ^(c)	5/13	Information Technology Management Letter for the FY 2012 U.S. Customs and Border Protection Financial Statements Audit (Revised)	\$0	\$0	\$0
34. OIG-13-89 ^(d)	5/13	DHS' H-60 Helicopter Programs (Revised)	\$0	\$0	\$0
35. OIG-13-90	5/13	Capping Report: FY 2012 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits	\$0	\$0	\$0
36. OIG-13-91	5/13	Transportation Security Administration's Screening of Passengers by Observation Techniques (Redacted)	\$0	\$0	\$0
37. OIG-13-92	5/13	Marine Accident Reporting, Investigations, and Enforcement in the United States Coast Guard	\$0	\$0	\$0
38. OIG-13-93	5/13	USCG Must Improve the Security and Strengthen the Management of Its Laptops	\$0	\$0	\$0
39. OIG-13-94	5/13	FEMA Deployed the Appropriate Number of Community Relations Employees in Response to Hurricane Irene and Tropical Storm Lee	\$0	\$0	\$0
40. OIG-13-95	6/13	DHS Can Take Actions To Address Its Additional Cybersecurity Responsibilities	\$0	\$0	\$0
41. OIG-13-96	6/13	DHS' Policies and Procedures Over Conferences	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
42. OIG-13-97	6/13	U.S. Citizenship and Immigration Services' Tracking and Monitoring of Potentially Fraudulent Petitions and Applications for Family-Based Immigration Benefits	\$0	\$0	\$0
43. OIG-13-98	6/13	Homeland Security Information Network Improvements and Challenges	\$0	\$0	\$0
44. OIG-13-99	6/13	Transportation Security Administration's Screening Partnership Program	\$0	\$0	\$0
45. OIG-13-100	6/13	FEMA's Efforts To Recoup Improper Payments in Accordance With the Disaster Assistance Recoupment Fairness Act of 2011 (6)	\$0	\$0	\$0
46. OIG-13-101	6/13	Transportation Security Administration Information Technology Management Progress and Challenges	\$0	\$0	\$0
47. OIG-13-102	6/13	Unless Modified, FEMA's Temporary Housing Plans Will Increase Costs by an Estimated \$76 Million Annually	\$0	\$0	\$76,000,000
48. OIG-13-103	7/13	DHS' Efforts To Screen Members of Foreign Terrorist Organizations (Redacted)	\$0	\$0	\$0
49. OIG-13-104	7/13	Technical Security Evaluation of DHS Activities at Hartsfield Jackson Atlanta International Airport	\$0	\$0	\$0
50. OIG-13-105	7/13	DHS' Watchlisting Cell's Efforts To Coordinate Departmental Nominations (Redacted)	\$0	\$0	\$0
51. OIG-13-106	8/13	Reducing Over-classification of DHS' National Security Information	\$0	\$0	\$0
52. OIG-13-107	8/13	Implementation of L-1 Visa Regulations	\$0	\$0	\$0
53. OIG-13-108	8/13	(U) Review of DHS' Information Security Program for Intelligence Systems for Fiscal Year 2013	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
54. OIG-13-109	8/13	Nebraska's Management of State Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	\$0	\$0	\$0
55. OIG-13-110	8/13	DHS Needs To Strengthen Information Technology Continuity and Contingency Planning Capabilities (Redacted)	\$0	\$0	\$0
56. OIG-13-111	8/13	Research and Development Efforts to Secure Rail Transit Systems	\$0	\$0	\$0
57. OIG-13-112	8/13	Costs Incurred by the Washington Metropolitan Area Transit Authority under Transit Security Grant No. 2009-RA-R1-0102	\$0	\$0	\$0
58. OIG-13-113	8/13	DHS Needs to Manage Its Radio Communication Program Better	\$0	\$0	\$0
59. OIG-13-114	9/13	CBP Use of Force Training and Actions To Address Use of Force Incidents (Redacted)	\$0	\$0	\$0
60. OIG-13-115	9/13	DHS Uses Social Media To Enhance Information Sharing and Mission Operations, But Additional Oversight and Guidance Are Needed	\$0	\$0	\$0
61. OIG-13-116	9/13	The Performance of 287(g) Agreements FY 2013 Update	\$0	\$0	\$0
62. OIG-13-117	9/13	FEMA's Initial Response in New Jersey to Hurricane Sandy	\$0	\$0	\$0
63. OIG-13-118	9/13	U.S. Customs and Border Protection Has Taken Steps To Address Insider Threat, but Challenges Remain (Redacted)	\$0	\$0	\$0
64. OIG-13-119	9/13	CBP's and USCG's Controls Over Exports Related to Foreign Military Sales	\$0	\$0	\$0
65. OIG-13-120	9/13	Transportation Security Administration's Deployment and Use of Advanced Imaging Technology	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
66. OIG-13-122	9/13	Annual Review of the United States Coast Guard's Mission Performance (FY 2012)	\$0	\$0	\$0
67. OIG-13-123	9/13	Transportation Security Administration Office of Inspection's Efforts To Enhance Transportation Security	\$0	\$0	\$17,500,000
68. OIG-13-124	9/13	FEMA's Initial Response in New York to Hurricane Sandy	\$0	\$0	\$0
		Totals	\$7,276,023	\$661,753	\$105,200,000

Notes and Explanations:

Report Number Acronyms:

OIG – A report with an OIG number is a Management report.

- (a) DHS OIG reports the Federal share of costs it questions. The Total Questioned Cost column includes the Federal share of ineligible and unsupported costs.
- (b) The Unsupported Costs column is a subset of Total Questioned Costs and is shown separately as required by the *IG Act*.
- (c) OIG-13-88 was reissued from its original date of May 7, 2013
- (d) OIG-13-89 was reissued from its original date of May 17, 2013

OIG-13-121 *New Media for Offices of Inspectors General: A Discussion of Legal, Privacy and Information Security Issues* was issued on behalf of CIGIE and was not a management report issued to the Department.

Appendix 4

Disaster Assistance Grant Reports Issued

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
1. DA-13-14	4/13	The City of Macon, Georgia, Successfully Managed FEMA Public Assistance Funds Awarded for Severe Storms in May 2008 FEMA Disaster Number 1761-DR-GA	\$0	\$0	\$0
2. DA-13-15	5/13	Contract Dispute Delaying Hurricane Shelters at George County, Mississippi: Interim Report on FEMA Hazard Mitigation Grant Program Funds Awarded to George County, Mississippi	\$0	\$0	\$0
3. DA-13-16	6/13	FEMA Should Recover \$129,248 of Public Assistance Grant Funds Awarded to City of Palm Beach Gardens, Florida – Hurricane Wilma Activities	\$129,248	\$81,708	\$0
4. DA-13-17	6/13	FEMA Should Recover \$3.5 Million of Public Assistance Grant Funds Awarded to the City of Gautier, Mississippi - Hurricane Katrina	\$3,462,415	\$292,736	\$0
5. DA-13-18	6/13	FEMA Should Recover \$4.1 Million of Public Assistance Grant Funds Awarded to Orlando Utilities Commission – Hurricane Charley	\$3,660,754	\$0	\$0
6. DA-13-19	6/13	FEMA Should Recover \$401,046 of Public Assistance Grant Funds Awarded to the City of Palm Beach Gardens, Florida – Hurricanes Frances and Jeanne	\$360,942	\$275,956	\$0
7. DA-13-20	6/13	FEMA Should Recover \$3.8 Million of Public Assistance Grant Funds Awarded to Kenergy Corporation, Henderson, Kentucky	\$2,832,753	\$21,239	\$0
8. DA-13-21	7/13	Palm Beach County, Florida, Appropriately Expended \$4.8 Million of FEMA Public Assistance Funds Awarded for Beach Renourishment Activities Under Tropical Storm Fay	\$0	\$0	\$0

Appendix 4**Disaster Assistance Grant Reports Issued (continued)**

Report Number	Date Issued	Report Title	Total Questioned Costs^(a)	Unsupported Costs^(b)	Funds Put to Better Use
9. DA-13-22	7/13	FEMA Should Recover \$1.6 Million of Public Assistance Grant Funds Awarded to Palm Beach County, Florida – Hurricane Frances	\$1,439,998	\$912,220	\$0
10. DA-13-23	7/13	FEMA Should Recover \$4.9 Million of Public Assistance Grant Funds Awarded to Palm Beach County, Florida – Hurricane Wilma	\$3,002,817	\$2,180,752	\$1,872,416
11. DA-13-24	7/13	FEMA Should Recover \$951,221 of Public Assistance Grant Funds Awarded to Palm Beach County, Florida – Hurricane Jeanne	\$859,074	\$374,876	\$0
12. DA-13-25	9/13	Pennsylvania Department of Conservation and Natural Resources Appropriately Expended \$33.6 Million of FEMA Public Assistance Funds	\$0	\$0	\$0
13. DA-13-26	9/13	FEMA Should Recover \$234,034 of Public Assistance Grant Funds Awarded to City of Daytona Beach, Florida – Hurricane Charley	\$224,117	\$169,256	\$0
14. DA-13-27	9/13	FEMA Should Recover \$209,170 of Public Assistance Grant Funds Awarded to City of Daytona Beach, Florida – Hurricane Frances	\$203,471	\$152,176	\$0
15. DA-13-28	9/13	Big Rivers Electric Corporation Meets FEMA's Eligibility Requirements for Participation in the Public Assistance Program	\$0	\$0	\$0
16. DD-13-08	4/13	FEMA Should Disallow \$4.1 Million of the \$48.5 Million Public Assistance Grant Awarded to ARK Valley Electric Cooperative, Kansas	\$3,042,749	\$0	\$0
17. DD-13-09	5/13	FEMA Should Recover \$13.8 Million in FEMA Public Assistance Funds Awarded to Cedar Rapids, Iowa, for Ineligible Hydroelectric Plant	\$0	\$0	\$12,408,256

Appendix 4**Disaster Assistance Grant Reports Issued (continued)**

Report Number	Date Issued	Report Title	Total Questioned Costs^(a)	Unsupported Costs^(b)	Funds Put to Better Use
18. DD-13-10	5/13	FEMA Region VI Should Ensure the Cost Effectiveness of Texas Hazard Mitigation Grant Projects	\$0	\$0	\$0
19. DD-13-11	8/13	FEMA Should Recover \$46.2 Million of Improper Contracting Costs from Federal Funds Awarded to the Administrators of the Tulane Educational Fund, New Orleans, Louisiana	\$40,680,527	\$0	\$5,495,000
20. DD-13-12	8/13	FEMA Should Recover \$1.7 Million of Public Assistance Grant Funds Awarded to Audubon Commission, New Orleans, Louisiana	\$1,666,406	\$0	\$219,497
21. DD-13-13	9/13	Comal County Understated Project Cost in Its Hazard Mitigation Grant Program Project Application	\$0	\$0	\$0
22. DD-13-14	9/13	FEMA Should Recover \$7.5 Million of the \$43.2 Million Public Assistance Grant Awarded to Craighead Electric Cooperative Corporation, Arkansas	\$5,588,791	\$0	\$0
23. DD-13-15	9/13	State of Louisiana Needs a Strategy To Manage Hurricanes Katrina and Rita Public Assistance Grants More Effectively	\$0	\$0	\$0
24. DS-13-06	4/13	FEMA Improperly Applied the 50 Percent Rule in Its Decision To Pay the Alaska Department of Natural Resources To Replace a Damaged Bridge	\$298,640	\$0	\$0
25. DS-13-07	4/13	LA County Charges FEMA for Unauthorized Fringe Benefits Costs: Second Interim Report on FEMA PA Grant Funds FEMA Disaster Number 1577-DR-CA	\$297,357	\$0	\$0
26. DS-13-08	4/13	FEMA Needs To Deobligate \$1.1 Million in Unneeded Funding and Disallow \$52,812 in Unsupported Costs Associated With the FEMA PA Grant Awarded to Pima County, Arizona	\$39,609	\$8,216	\$842,674

Appendix 4

Disaster Assistance Grant Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
27. DS-13-09	4/13	The Alaska Department of Transportation and Public Facilities, Central Region, Did Not Properly Account for and Expend \$1.5 Million in FEMA Public Assistance Grant Funds	\$1,092,127	\$0	\$0
28. DS-13-10	6/13	Unneeded Funding and Management Challenges Associated with the FEMA Grant Awarded to Los Angeles County, California: Third Interim Report	\$0	\$0	\$1,831,130
29. DS-13-11	7/13	Los Angeles County, California, Did Not Properly Account For and Expend \$3.9 Million in FEMA Grant Funds for Debris-Related Costs	\$4,205,505	\$454,369	\$0
30. DS-13-12	9/13	Los Angeles County, California, Did Not Properly Account for or Expend About \$14,000 in FEMA Grant Funds	\$10,158	\$4,546	\$0
31. DS-13-13	9/13	The City of Pacifica, California, Generally Followed Regulations for Spending FEMA Public Assistance Funds	\$76,001	\$20,322	\$0
32. DS-13-14	9/13	FEMA Should Recover \$4.2 Million of Public Assistance Grant Funds Awarded to the Department of Design and Construction, Honolulu, Hawaii	\$3,156,299	\$0	\$0
		Totals	\$76,329,758	\$4,948,372	\$22,686,973

Notes and Explanations:

Report Number Acronyms:

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

- (a) DHS OIG reports the Federal share of costs it questions. The Total Questioned Cost column includes the Federal share of ineligible and unsupported costs.
- (b) Unsupported Costs column is a subset of Total Questioned Costs and is shown separately according to the requirements of the IG Act.

Appendix 5

Schedule of Amounts Due and Recovered/Deobligated

Report Number	Date Issued	Auditee	Amount Due	Recovered/Deobligated Costs
1. DS-09-11	8/09	California Department of Fish and Game	\$1,173,853	\$1,124,083
2. DD-10-04	1/10	City of Springfield, IL	\$1,027,837	\$794,732
3. DS-10-03	2/10	City of Los Angeles, Department of Public Works	\$729,101	\$88,434
4. DS-10-06	3/10	County of Mendocino, California	\$156,312	\$156,312
5. DS-10-07	4/10	County of Los Angeles, California	\$1,844,981	\$979,182
6. DS-10-08	6/10	FEMA's Practices for Evaluating Insurance Coverage for Disaster Damage and Determining Project Eligibility and Costs	\$15,900,000	\$13,216,176
7. DS-09-09	7/10	City of Los Angeles Department of Water & Power	\$595,594	\$289,322
8. DS-10-10	9/10	City of Glendale, California	\$217,565	\$217,565
9. DD-11-05	12/10	Chambers County, Texas	\$4,017,397	\$3,861,222
10. DS-11-08	3/11	Lake County, California	\$59,954	\$59,954
11. DS-11-10	7/11	FEMA's Public Assistance Funds Awarded to County of Humboldt, California	\$12,115	\$12,115
12. DS-12-03	2/12	FEMA Public Assistance Grant Funds Awarded to Paso Robles Joint Unified School District, California	\$1,500	\$1,500
13. DD-12-06	2/12	FEMA Public Assistance Grant Funds Awarded to St. Charles Parish, Louisiana	\$8,155,230	\$110,940
14. OIG-12-60	3/12	Review of Costs Incurred by the City of Atlanta, Georgia, Relating to the Hartsfield-Jackson International Airport, Under Other Transactional Agreement Number HST04-09-H-REC154 with the Transportation Security Administration	\$1,354,740	\$23,901

Appendix 5**Schedule of Amounts Due and Recovered/Deobligated (continued)**

Report Number	Date Issued	Auditee	Amount Due	Recovered/Deobligated Costs
15. DS-12-09	4/12	FEMA Public Assistance Grant Funds Awarded to the Alaska Department of Transportation & Public Facilities, Northern Region, Fairbanks, AK	\$93,069	\$93,069
16. DS-12-10	5/12	FEMA Public Assistance Grant Funds Awarded to the Alaska Department of Transportation & Public Facilities, Northern Region, Fairbanks, Alaska	\$205,930	\$205,930
17. OIG-12-98	7/12	Costs Claimed by Grand Traverse Metro Emergency Services Authority under a Fire Station Construction Grant	\$313,171	\$161,552
18. OIG-12-105	7/12	Costs Invoiced by the City of Phoenix for Checked Baggage Screening Projects at the Phoenix Sky Harbor International Airport	\$8,844,377	\$718,293
19. OIG-12-106	7/12	Costs Invoiced by McKing Consulting Corporation Under Order Number HSFEHQ-05-F-0438	\$154,535	\$39,024
20. DA-12-23	8/12	FEMA Public Assistance Grant Funds Awarded to South Florida Water Management District Under Hurricane Charley	\$22,160	\$22,160
21. DA-12-26	8/12	FEMA Public Assistance Grant Funds Awarded to South Florida Water Management District Under Hurricane Frances	\$167,540	\$167,540
22. DD-12-20	9/12	FEMA Public Assistance Grant Funds Awarded to St. Charles Parish, Louisiana	\$48,082	\$44,764
23. DA-13-02	11/12	FEMA Should Recover \$2.8 Million of Public Assistance Grant Funds Awarded to the Town of Dauphin Island, Alabama - Hurricanes Gustav and Ike	\$917,971	\$917,971
24. DA-13-04	11/12	FEMA Should Recover \$7.7 Million of Public Assistance Grant Funds Awarded to the City of Lake Worth, Florida - Hurricane Wilma	\$684,437	\$684,437

Appendix 5

Schedule of Amounts Due and Recovered/Deobligated (continued)

Report Number	Date Issued	Auditee	Amount Due	Recovered/Deobligated Costs
25. DA-13-05	11/12	FEMA Should Recover \$2.2 Million of Public Assistance Grant Funds Awarded to Memphis Light, Gas and Water Division - Severe Weather, June 2009	\$19,796	\$19,796
26. DA-13-07	11/12	FEMA Should Recover \$701,028 of Public Assistance Grant Funds Awarded to Memphis Light, Gas and Water Division - Severe Weather February 2008	\$6,478	\$6,478
27. DA-13-08	12/12	FEMA Should Recover \$470,244 of Public Assistance Grant Funds Awarded to the City of Lake Worth, Florida - Hurricanes Frances and Jeanne	\$418,935	\$418,935
28. DS-13-02	12/12	Interim Report – The Town of San Anselmo, California, Did Not Properly Account for and Expend FEMA's Public Assistance Grant Funds	\$1,199,833	\$432,401
29. DS-13-03	1/13	The City of San Buenaventura, California, Did Not Properly Account for and Expend FEMA Public Assistance Grant Funds	\$1,111,902	\$620,819
30. DA-13-09	2/13	FEMA Should Recover \$1.9 Million of Public Assistance Grant Funds Awarded to the Hancock County Utility Authority - Hurricane Katrina	\$14,278	\$14,278
31. DS-13-04	3/13	FEMA Should Disallow \$21,113 of the \$654,716 in Public Assistance Grant Funds Awarded to the Alaska Department of Natural Resources, Wasilla, Alaska	\$3,718	\$3,718
32. INV	3/13 through 9/13	Recoveries as a result of investigations	\$11,910,107	\$11,910,107
Totals			\$61,382,498	\$37,416,710

Report Number Acronyms:

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

Appendix 6²

Contract Audit Reports

Report Category	Questioned Costs	Unsupported Costs	Disallowed Costs
We processed no contract audit reports meeting the criteria of the <i>National Defense Authorization Act for FY 2008</i> during the reporting period April 1, 2013–September 30, 2013.	N/A	N/A	N/A

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 million or other findings that the Inspector General determines to be significant. It defines contracts as a contract, an order placed under a task or delivery order contract, or a subcontract.

Appendix 7

Peer Review Results

Section 989C of the *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010*, Public Law 111-203, contains additional semiannual reporting requirements pertaining to peer review reports of OIG audit and investigative operations. Federal Inspectors General are required to engage in peer review processes related to both their audit and investigative operations. In compliance with section 989C, our office is reporting the following information related to peer reviews of our operations conducted by other Inspectors General. We are also including information about peer reviews we conducted of other OIGs.

For audits, peer reviews of an audit organization's system of quality controls are conducted on a 3-year cycle. These reviews are conducted according to the CIGIE's *Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*, and are based on requirements established by Government Accountability Office in its Government Auditing Standards (Yellow Book). Federal audit organizations can receive a rating of pass, pass with deficiencies, or fail.

For investigations, quality assessment peer reviews of investigative operations are conducted on a 3-year cycle as well. Such reviews result in a determination that an organization is "in compliance" or "not in compliance" with relevant standards. These standards are based on *Quality Standards for Investigations* issued by CIGIE and applicable Attorney General guidelines. The Attorney General guidelines include the *Attorney General Guidelines for Offices of Inspectors General with Statutory Law Enforcement Authority* (2003), *Attorney General Guidelines for Domestic Federal Bureau of Investigation Operations* (2008), and *Attorney General Guidelines Regarding the Use of Confidential Informants* (2002).

Audits

Peer Review Conducted of DHS OIG Audit Operations

Our audit offices received a peer review rating of "pass" as a result of our latest peer review completed by the United States Postal Service (USPS) OIG in June 2012, for the fiscal year ending September 30, 2011. We implemented all but one recommendation made by USPS OIG regarding audit manual training. Audit Manual training will be scheduled as soon as possible.

Peer Review Conducted by DHS OIG of Other OIG Audit Operations

We conducted a peer review of the Department of Health and Human Services (HHS) OIG Office of Audit Services for the fiscal year ending September 2011. HHS received a peer review rating of "pass" and we did not issue any recommendations in the System Review Report.

Investigations

Peer Review Conducted of DHS OIG Investigative Operations

Our Office of Investigations received a peer review rating of "compliant" in September 2013 as a result of our latest peer review completed by the Department of Defense OIG for the period ending April 2013. The review confirmed areas for improvement related to policy and procedures, which we are implementing.

Peer Review Conducted by DHS OIG of Other OIG Investigative Operations

Our Office of Investigations conducted a peer review of the Department of Labor OIG in the fourth quarter of FY 2013. The review covered a period from 2012 to 2013, and the Department of Labor OIG was rated to be compliant.

Appendix 8

Acronyms

ADEM	Arkansas Department of Emergency Management
BPA	Border Patrol Agent
Cal EMA	California Emergency Management Agency
CBP	Customs and Border Protection
CBPO	Customs and Border Protection Officer
CFR	Code of Federal Regulations
CIGIE	Council of Inspectors General on Integrity and Efficiency
COO	Chief Operating Officer
DAEs	Disaster Assistance Employees
DARFA	<i>Disaster Assistance Recoupment Fairness Act</i>
DCNR	Department of Conservation and Natural Resources
DDC	Department of Design and Construction
DHS	Department of Homeland Security
DIG	Deputy Inspector General
DOJ	Department of Justice
EA	Office of External Affairs
EMO	Office of Emergency Management Oversight
ERO	Enforcement and Removal Operations
FAA	Federal Aviation Administration
FBI	Federal Bureau of Investigation
FEMA	Federal Emergency Management Agency
FFMS	Federal Financial Management System
FISMA	<i>Federal Information Security Management Act</i>
FLETC	Federal Law Enforcement Training Center
FMS	Foreign Military Sales
FOIA	<i>Freedom of Information Act</i>
FPS	Federal Protective Service
FTO	Foreign Terrorist Organization
FY	fiscal year
GOHSEP	Governor's Office of Homeland Security and Emergency Preparedness
HHS	Department of Health and Human Services
HMGP	Hazard Mitigation Grant Program
HSIN	Homeland Security Information Network
HUD	Housing and Urban Development
IA	Internal Affairs
I&A	Office of Intelligence and Analysis
ICE	United States Immigration and Customs Enforcement

Appendix 8

Acronyms (continued)

IEA	Immigration Enforcement Agent
INV	Office of Investigations
IQO	Office of Integrity and Quality Oversight
IRSCID	Internal Revenue Service Criminal Investigation Division
ISP	Office of Inspections
IT	information technology
ITA	Office of Information Technology Audits
JFO	Joint Field Offices
KDEM	Kansas Division of Emergency Management
KPMG	KPMG LLP
LEO	Law Enforcement Office
NPPD	National Protection and Program Directorate
OA	Office of Audits
OIG	Office of Inspector General
OM	Office of Management
OMB	Office of Management and Budget
OOI	Office of Inspection
PA	Public Assistance
PII	Personally identifiable information
S&T	Science and Technology Directorate
SAF	Subject-to-Availability Funds
SCD	State Civil Defense
SHSP	State Homeland Security Program
SPP	Screening Partnership Program
TDEM	Texas Division of Emergency Management
TSA	Transportation Security Administration
TSO	Transportation Security Officer
UASI	Urban Areas Security Initiative
USCG	United States Coast Guard
USCIS	United States Citizenship and Immigration Services
USPS	United States Postal Service
USSS	United States Secret Service
WLC	Watchlisting cell
WMATA	Washington Metropolitan Area Transit Authority

Appendix 9

OIG Contacts and Locations

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Appendix 10

Index to Reporting Requirements

The specific reporting requirements described in the *Inspector General Act*, including Section 989C of the *Dodd-Frank Wall Street and Consumer Protection Act of 2010*, are listed below with a reference to the pages on which they appear.

Requirement:	Pages
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Significant Problems, Abuses, and Deficiencies	10-52
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Summary of Reports in Which No Management Decision Was Made	54,61-64
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