



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

SEMIANNUAL REPORT TO THE CONGRESS

October 1, 2011 through March 31, 2012

Strengthening Transportation Security



Statistical Highlights of OIG Activities

October 1, 2011 through March 31, 2012

Dollar Impact

Questioned Costs	\$38,444,033
Funds Put to Better Use	\$29,095,034
Management Agreement That Funds Be:	
Recovered	\$9,988,827
Funds Recovered (from audits and investigations)	\$40,711,320
Fines, Restitutions, and Administrative Cost Savings	\$14,453,456

Activities

Management Reports Issued	69
Financial Assistance Grant Reports Issued	28
Investigative Reports Issued	444
Investigations Initiated	647
Investigations Closed	730
Open Investigations	2,361
Investigations Referred for Prosecution	523
Investigations Accepted for Prosecution	75
Investigations Declined for Prosecution	108
Arrests	149
Indictments	90
Convictions	94
Personnel Actions	45
Total Complaints Received	9,951
Complaints Referred (to programs or other agencies)	9,201
Complaints Closed	12,524

Office of Inspector General

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



**Homeland
Security**

April 30, 2012

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

Dear Madam Secretary:

I am pleased to present our semiannual report, which summarizes the activities and accomplishments of the Department of Homeland Security (DHS) Office of Inspector General for the 6-month reporting period of October 1, 2011 through March 31, 2012.

During this reporting period, our office published 69 management reports and 28 financial assistance grant reports. DHS management concurred with 95% of recommendations contained in our management reports. As a result of these efforts, \$38.4 million of questioned costs were identified, of which \$16.9 million were determined to be unsupported by documentation. We recovered \$40.7 million as a result of disallowed costs identified from previous audit reports and from investigative efforts. We issued eight reports identifying \$29.1 million in funds that could be put to better use.

In the investigative area, we issued 444 investigative reports, initiated 647 investigations, and closed 730 investigations. Our investigations resulted in 149 arrests, 90 indictments, 94 convictions, and 45 personnel actions. Additionally, we reported \$14.5 million in collections resulting from fines and restitutions, administrative cost savings, and other recoveries.

I would like to take this opportunity to thank you for the interest and support that you have provided to our office. We look forward to working closely with you, your leadership team, and Congress to promote economy, efficiency, and effectiveness in DHS programs and operations, and to help the Department accomplish its critical mission and initiatives in the months ahead.

Sincerely,

A handwritten signature in black ink that reads "Charles K. Edwards". The signature is written in a cursive style with a horizontal line at the end.

Charles K. Edwards
Acting 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 clearly define what the two consider to be a productive relationship and then consciously manage toward that goal in an atmosphere of mutual respect.

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

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

Foster open communications at all levels.

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

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

Recognize and respect the mission and priorities of the agency and the OIG.

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

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

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

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

Provide feedback. The agency and the OIG 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*, as amended, and covers the period from October 1, 2011, to March 31, 2012. The report is organized to reflect our organization and that of the Department of Homeland Security.

During this reporting period, we completed significant audit, inspection, and investigative work to promote the economy, efficiency, effectiveness, and integrity of the Department's programs and operations. Specifically, we issued 69 management reports (appendix 3), 28 financial assistance grant reports (appendix 4), and 444 investigative reports. Our reports provide the Department Secretary and Congress with an objective assessment of the issues, and at the same time provide specific recommendations to correct deficiencies and improve the economy, efficiency, and effectiveness of the respective program.

Also, our audits resulted in questioned costs of \$38,444,033, of which \$16,922,011 was not supported by documentation. We recovered \$40,711,320 (appendix 5) as a result of disallowed

costs identified from current and previous audit reports and from investigative efforts. We issued 8 reports identifying \$29,095,034 in funds that could be put to better use. In the investigative area, we initiated 647 investigations and closed 730 investigations. Our investigations resulted in 149 arrests, 90 indictments, 94 convictions, and 45 personnel actions. Additionally, we reported \$14,453,456 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 ten 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* (P.L. 107-296, as amended), officially establishing the Department of Homeland Security (DHS), with the primary mission of protecting the American homeland. DHS became operational on January 24, 2003. Formulation of DHS took a major step forward on March 1, 2003, when, according to the President's reorganization plan, 22 agencies and approximately 181,000 employees were transferred to the new Department.

DHS' first priority is to protect the United States (U.S.) 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 major 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 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

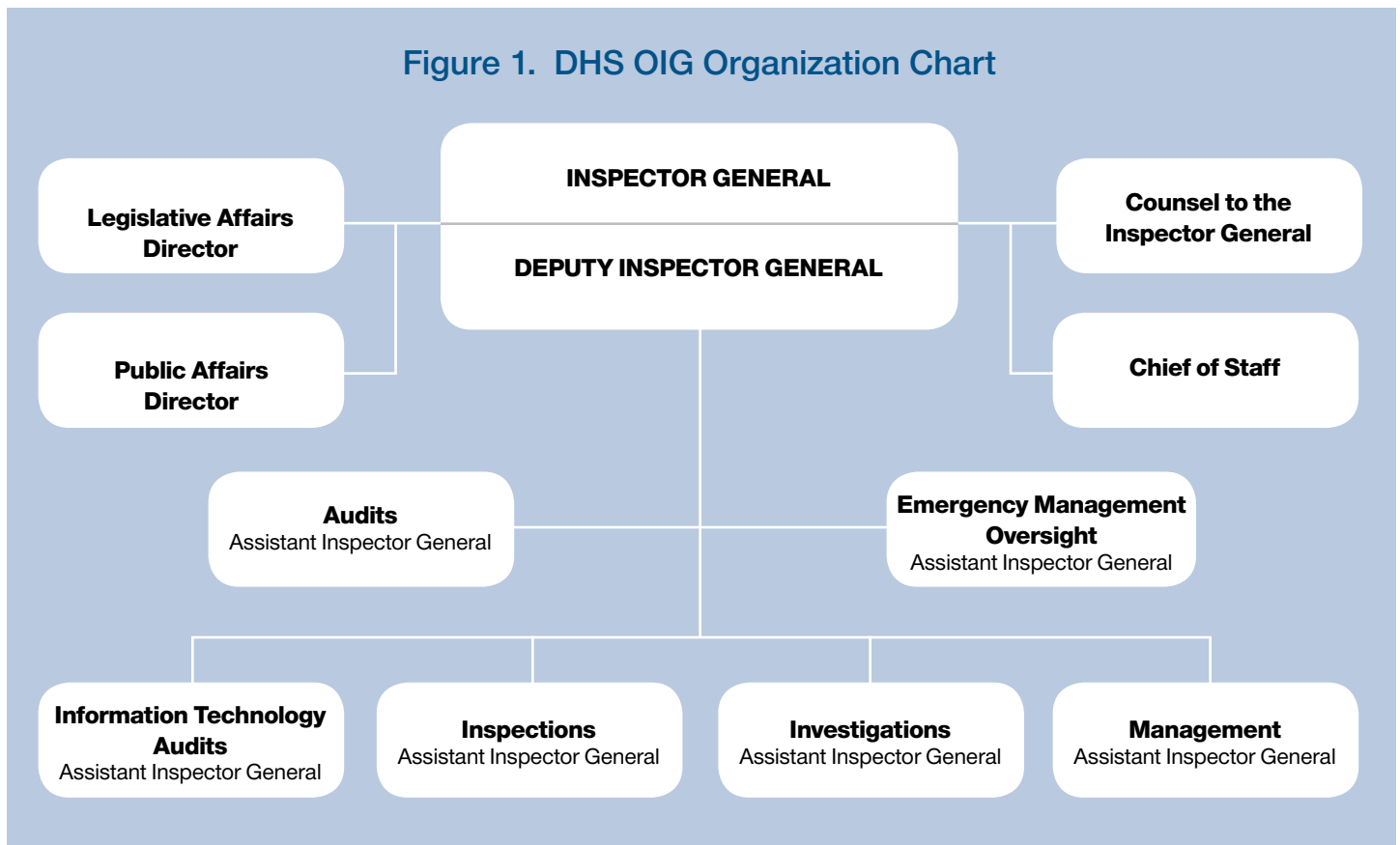
The *Homeland Security Act of 2002* provided for the establishment of an Office of Inspector General (OIG) in DHS by amendment to the *Inspector General Act of 1978* (5 USC App. 3, as amended). By this action, Congress and the administration ensured independent and objective audits, inspections, and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

The Inspector General is appointed by the President, subject to confirmation by the Senate, and reports directly to the Secretary of DHS and to Congress. The *Inspector General Act* ensures

the Inspector General’s independence. This independence enhances our ability to prevent and detect fraud, waste, and abuse, as well as to provide objective and credible reports to the Secretary and Congress regarding the economy, efficiency, and effectiveness of DHS’ programs and operations.

We were authorized 676 full-time employees during the reporting period. We consist of an Executive Office and 10 functional components based in Washington, DC. We also have field offices throughout the country. Figure 1 illustrates the DHS OIG management team.

Figure 1. DHS OIG Organization Chart





The OIG consists of the following components:

The Executive Office consists of the Inspector General, the Deputy Inspector General, a Chief of Staff, a Senior Management Analyst, and a Special Assistant. It provides executive leadership to the OIG.

The Office of Legislative Affairs (OLA) is the primary liaison to members of Congress and their staffs. Specifically, OLA responds to inquiries from Congress; notifies Congress about OIG initiatives, policies, and programs; coordinates preparation of testimony, briefings, and talking points for Congress; and tracks legislation of interest to the Department and the Inspector General community. OLA tracks congressional requests, which are either submitted by a member of Congress or mandated through legislation. OLA also provides advice to the Inspector General and supports OIG staff as they address questions and requests from Congress.

The Office of Public Affairs (OPA) is the OIG's principal point of contact for all media outlets and the general public. OPA provides news organizations with accurate and timely information in compliance with legal, regulatory, and procedural rules. OPA prepares and issues news releases, arranges interviews and coordinates and analyzes information to support the OIG's policy development and mass communications needs. OPA is responsible for developing OIG's integrated communications strategy and helps promote understanding and transparency of OIG work products. In addition, OPA advises the Inspector General and others within OIG on 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 to the Inspector General (OC) 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 the OIG's designated ethics office; manages the OIG's *Freedom of Information Act* and *Privacy Act* responsibilities; represents the OIG in administrative litigation and assists the Department of Justice (DOJ) in Federal litigation affecting the OIG; furnishes attorney services for the issuance and enforcement of OIG subpoenas; reviews OIG reports for legal sufficiency; reviews proposed legislation and regulations, and proposes legislation on behalf of the 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 progress regarding corrective actions. EMO's focus is weighted heavily toward prevention, including reviewing internal controls, and monitoring and advising DHS and FEMA officials on contracts, grants, and purchase transactions before they are approved. This allows EMO to stay current on all disaster relief operations and provide on-the-spot 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 management, cyber infrastructure, systems integration, and systems privacy activities. The office reviews the cost-effectiveness of acquisitions, implementation, and management of major systems and telecommunications networks across DHS. In addition, it evaluates the systems and related architectures of DHS to ensure that they are effective, efficient, and implemented according to applicable policies, standards, and procedures. The office also assesses DHS' information security program as mandated by the *Federal Information Security Management Act*. In addition, this office 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 arise suddenly and congressional requests for studies that require immediate attention. ISP may examine any area of the Department. In addition, it is the lead OIG office for reporting on DHS intelligence, international affairs, civil rights and civil liberties, and science and technology. Inspectors use a variety of study methods and evaluation techniques to develop recommendations for DHS. Inspection 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. Additionally, the Office of Investigations provides oversight and monitors the investigative activity of DHS' various internal affairs offices. The office includes investigative staff working on Gulf Coast hurricane recovery operations.

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

SUMMARY OF SIGNIFICANT OIG ACTIVITY



DIRECTORATE FOR MANAGEMENT

MANAGEMENT REPORTS

Independent Auditors' Report on DHS' FY 2011 Financial Statements and Internal Control over Financial Reporting

KPMG LLP, under contract with DHS OIG, conducted an audit of DHS' balance sheet as of September 30, 2011, and the related statements of custodial activity for fiscal year (FY) 2011. KPMG LLP also conducted an examination of internal control over financial reporting of the balance sheet as of September 30, 2011, and statement of custodial activity for FY 2011. KPMG LLP expressed a qualified opinion on the Department's balance sheet as of September 30, 2011, and related statements of custodial activity for FY 2011. The qualification resulted from DHS' inability to represent that property, plant, and equipment, and environmental liabilities account balances were correct. DHS was unable to provide sufficient evidence to support these balances in the financial statements. Additionally, KPMG LLP was unable to perform the examination procedures necessary to form an opinion on DHS' internal control over financial reporting of the balance sheet as of September 30, 2011, and the statement of custodial activity for FY 2011.

The FY 2011 independent auditors' report discusses nine significant deficiencies in internal control, of which five are considered material weaknesses, and six instances of non-compliance with laws and regulations, as follows:

Significant Deficiencies That Are Considered To Be Material Weaknesses

- A. Financial Reporting
- B. Information Technology Controls and System Functionality
- C. Property, Plant, and Equipment
- D. Environmental and Other Liabilities
- E. Budgetary Accounting

Other Significant Deficiencies

- F. Entity-Level Controls
- G. Fund Balance with Treasury
- H. Grants Management
- I. Custodial Revenue and Drawback

Non-compliance with Laws and Regulations

- J. *Federal Managers' Financial Integrity Act of 1982 (FMFIA)*
- K. *Federal Financial Management Improvement Act of 1996 (FFMIA)*
- L. *Single Audit Act Amendments of 1996*
- M. *Chief Financial Officers Act of 1990*
- N. *Anti-deficiency Act*
- O. *Government Performance and Results Act of 1993*

(OIG-12-07, November 2011, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-07_Nov11.pdf

Major Management Challenges Facing the Department of Homeland Security

As required by the *Reports Consolidation Act of 2000* (Public Law 106-531), we update our assessment of DHS' major management challenges annually. In FY 2011, we identified the following major management challenges, which tend to remain the same from year to year: acquisition management, information technology management, emergency management, grants management, financial management, infrastructure protection, border security, transportation security, and trade operations and security. The Department continues to move beyond operating as an organization in transition to a department diligently working to protect our borders and critical infrastructure, preventing dangerous people and goods from entering our country, and recovering from natural disasters effectively. However, while much progress has been made, the Department still has much to do to establish a cohesive, efficient, and effective organization. (OIG-12-08, November 2011, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-08_Nov11.pdf

Independent Review of the U.S. Coast Guard's Reporting of FY 2011 Drug Control Obligations

KPMG LLP, under contract with DHS OIG, was unable to issue an Independent Accountants' Report on the FY 2011 Drug Control Obligations for the U.S. Coast Guard (USCG). USCG's management prepared the Table of FY 2011 Drug Control Obligations and related disclosures to comply with the requirements of the Office of National Drug Control Policy Circular (ONDCP) *Drug Control Accounting*, dated May 1, 2007. However, because USCG could not provide assurance over the financial data in the detailed accounting submissions, KPMG LLP could not provide the level of assurance required of a review. (OIG-12-31, January 2012, OA)
http://www.oig.dhs.gov/assets/Mgmt/OIG_12-31_Jan12.pdf

Independent Review of the U.S. Coast Guard's Reporting of FY 2011 Drug Control Performance Summary Report

KPMG LLP, under contract with DHS OIG, issued an Independent Accountants' Report on the FY 2011 Drug Control Performance Summary Report for the USCG. USCG's management prepared the Performance Summary Report and management's assertions to comply with the requirements of the ONDCP Circular *Drug Control Accounting*, dated May 1, 2007. KPMG LLP did not find any reason to believe that the Performance Summary Report for the year ended September 30, 2011, was not presented in all material respects, in conformity with ONDCP's Circular, or that management's assertions were not fairly stated, in all material respects, based on the criteria set forth in the Circular. KPMG LLP did not issue any recommendations as a result of this review. (OIG-12-32, January 2012, OA)
http://www.oig.dhs.gov/assets/Mgmt/OIG_12-32_Jan12.pdf

Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2011 Drug Control Obligations

KPMG LLP, under contract with DHS OIG, issued an Independent Accountant's Report on the FY 2011 Drug Control Obligations for U.S.

Immigration and Customs Enforcement (ICE). ICE's management prepared the Table of Prior Year Drug Control Obligations and related disclosures to comply with the requirements of the ONDCP Circular *Drug Control Accounting*, dated May 1, 2007. KPMG LLP did not find any reason to believe that the Table of Prior Year Drug Control Obligations and related disclosures for the year ended September 30, 2011, were not presented in all material respects, in conformity with ONDCP's Circular, or that management's assertions were not fairly stated, in all material respects, based on the same criteria. KPMG LLP did not issue any recommendations as a result of this review. (OIG-12-33, January 2012, OA)
http://www.oig.dhs.gov/assets/Mgmt/OIG_12-33_Jan12.pdf

Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2011 Drug Control Performance Summary Report

KPMG LLP, under contract with DHS OIG, issued an Independent Accountants' Report on the FY 2011 Drug Control Performance Summary Report for ICE. ICE's management prepared the Performance Summary Report and management's assertions to comply with the requirements of the ONDCP Circular *Drug Control Accounting*, dated May 1, 2007. Based on the review, nothing came to KPMG's attention that caused them to believe that the Performance Summary Report for the year ended September 30, 2010, is not presented, in all material respects, in conformity with ONDCP's Circular, or that management's assertions are not fairly stated, in all material respects, based on the criteria set forth in ONDCP's Circular. KPMG LLP did not issue any recommendations as a result of this review. (OIG-12-34, January 2012, OA)
http://www.oig.dhs.gov/assets/Mgmt/OIG_12-34_Jan12.pdf

Independent Review of the U.S. Customs and Border Protection's Reporting of FY 2011 Drug Control Obligations

KPMG LLP, under contract with DHS OIG, issued an Independent Accountants' Report on the Table of FY 2011 Drug Control Obligations for

the U.S. Customs and Border Protection (CBP). CBP's management prepared the Table of FY 2011 Drug Control Obligations Report and related disclosures to comply with the requirements of the ONDCP Circular *Drug Control Accounting*, dated May 1, 2007. Based on the review, nothing came to KPMG LLP's attention that caused them to believe that the Table of FY 2011 Drug Control Obligations and related disclosures for the year ended September 30, 2011, are not presented, in all material respects, in conformity with ONDCP's Circular, or that management's assertions are not fairly stated, in all material respects, based on the criteria set forth in ONDCP's Circular. KPMG LLP did not issue any recommendations as a result of this review.

(OIG-12-35, January 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-35_Jan12.pdf

Independent Review of the U.S. Customs and Border Protection's Reporting of FY 2011 Drug Control Performance Summary Report

KPMG LLP, under contract with DHS OIG, issued an Independent Accountants' Report on the FY 2011 Drug Control Performance Summary Report for CBP. CBP's management prepared the Performance Summary Report to comply with the requirements of the ONDCP Circular *Drug Control Accounting*, dated May 1, 2007. KPMG LLP did not find any reason to believe that the Performance Summary Report for the year ended September 30, 2011, was not presented, in all material respects, in conformity with ONDCP's Circular, or that management's assertions were not fairly stated, in all material respects, based on the criteria set forth in the Circular. KPMG LLP did not issue any recommendations as a result of this review.

(OIG-12-36, January 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-36_Jan12.pdf

Department of Homeland Security's Compliance with the Improper Payments Elimination and Recovery Act of 2010

We contracted with KPMG LLP to determine if DHS complied with the *Improper Payments*

Elimination and Recovery Act of 2010. KPMG LLP did not find any instances of noncompliance with the Act. We also reviewed the accuracy and completeness of the Department's improper payment reporting and its efforts to reduce and recover overpayments. We recommended that the Department (1) improve controls to ensure completeness and accuracy of reporting and (2) increase efforts to recover overpayments. Specifically, the Department should ensure that all payments subject to testing are tested and reported and that recovery audit rates are reported accurately. Independent parties should perform test work and review sample payments. Also, the Department should develop guidance on applying results of test work using alternative sampling methodologies. Finally, the Department should perform recovery audits when cost effective, and those audits should target payments with a higher potential for overpayment and recovery. The Department concurred with all of our recommendations.

(OIG-12-48, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-48_Mar12.pdf

The Office of Financial Management's Management Letter for FY 2011 DHS Consolidated Financial Statements Audit

KPMG LLP, under contract with DHS OIG, reviewed the Office of Financial Management's internal control over financial reporting. The management letter discusses four observations for management's consideration identified during the FY 2011 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal control or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2011 Financial Statements and Internal Control over Financial Reporting*, dated November 11, 2011, included in the *Department of Homeland Security FY 2011 Annual Financial Report*.

(OIG-12-57, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-57_Mar12.pdf

Independent Auditors' Report on U.S. Customs and Border Protection's FY 2011 Financial Statements

KPMG LLP, under contract with DHS OIG, audited the consolidated financial statements of DHS' CBP for the fiscal years ending September 30, 2011, and 2010. KPMG LLP concluded that CBP's consolidated financial statements for those FYs are presented fairly, in all material respects, in conformity with the U.S. generally accepted accounting principles.

KPMG LLP identified four significant deficiencies in internal control over financial reporting:

- Drawback of Duties, Taxes, and Fees
- Property, Plant, and Equipment
- Entry Process
- Information Technology

KPMG LLP considers the first significant deficiency above to be a material weakness. The results of KPMG LLP's tests of compliance with certain provisions of laws, regulations, and contracts disclosed no instances of noncompliance or other matters that are required to be reported.

(OIG-12-65, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-65_Mar12.pdf

DIRECTORATE FOR NATIONAL PROTECTION AND PROGRAMS

MANAGEMENT REPORTS

The Preparedness Directorate's Anti-Deficiency Act Violations for Fiscal Year 2006 Shared Service Administrative Assessments

To meet a budget shortfall in FY 2006, the Preparedness Directorate elected to pool several appropriations to fund shared services and other administrative expenses. However, the Preparedness Directorate improperly used program appropriations to fund shared services in excess

of available appropriations. The Directorate did not enter into valid Economy Act agreements, and it did not properly record allocated charges against each benefiting appropriation, as required by the account adjustment statute. As a result, we recommended that DHS report 21 violations totaling approximately \$28 million. The DHS Under Secretary for National Protection and Programs Directorate (NPPD) concurred with three of the four recommendations.

(OIG-12-21, December 2011, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-21_Dec11.pdf

National Protection and Programs Directorate's Management Letter for FY 2011 DHS Consolidated Financial Statements Audit

KPMG LLP reviewed NPPD's internal control over financial reporting. The management letter discusses five observations for management's consideration identified during the FY 2011 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal control or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2011 Financial Statements and Internal Control over Financial Reporting*, dated November 11, 2011, included in the *Department of Homeland Security FY 2011 Annual Financial Report*.

(OIG-12-52, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-52_Mar12.pdf

FPS' Exercise of a Contract Option for the Risk Assessment and Management Program

In May 2011, the Federal Protective Service (FPS) ceased development of the Risk Assessment and Management Program (RAMP), intended to be a next generation risk assessment tool, because it was not cost-effective and did not fulfill its original goals. Although FPS is no longer developing RAMP, it is still using the system to manage its guard force through post inspections. RAMP also contains historical data from legacy systems that FPS wants to retain and maintain, such as countermeasures in place at facilities. In June

2011, NPPD's Acquisition Division, the office that administers the contract, exercised a contract option for the operation and maintenance of RAMP. Exercising the option was the most advantageous and cost-efficient method of fulfilling the government's needs in accordance with federal acquisition regulations. FPS minimized some costs of the RAMP by stopping development and paying the contractor only to operate and maintain the program. As a result, FPS will save the government at least \$13.2 million. However, FPS has not determined how it will maintain data in RAMP or transfer critical data out of RAMP after June 2012. FPS risks incurring additional expenditures, including paying for the transfer of useless data, as well as losing critical data, if it does not act soon. We are recommending that the Director of FPS plan and evaluate the projected costs and benefits of both potential courses of action—for the operation and maintenance or transfer of data in RAMP—before taking action. (OIG-12-67, March 2012, ISP)
http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-67_Mar12.pdf

INVESTIGATIONS

Pawnshop Owner's Report of Stolen Government Computers Results in Arrest

We conducted an investigation after receiving a suspicious activity report from a Maryland pawnshop owner concerning laptop computers bearing DHS property stickers. Our investigation revealed that an information technology contractor for US-VISIT had stolen five DHS laptop computers and sold them to various pawnshops in Maryland. The thefts involved more than \$8,000 worth of computers. He pleaded guilty to theft of government property and was sentenced to 12 months probation and \$650 in restitution.

DIRECTORATE FOR SCIENCE AND TECHNOLOGY

MANAGEMENT REPORTS

Science and Technology Directorate's Management Letter for FY 2011 DHS Consolidated Financial Statement Audit

KPMG LLP, under contract with DHS OIG, reviewed the Science and Technology Directorate's internal control over financial reporting. The management letter discusses four observations for management's consideration identified during the FY 2011 financial statement audit. These observations have been discussed with the appropriate members of management and are intended to improve internal control or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2011 Financial Statements and Internal Control over Financial Reporting*, dated November 11, 2011, included in the *Department of Homeland Security FY 2011 Annual Financial Report*. (OIG-12-59, March 2012, OA)
http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-59_Mar12.pdf

FEDERAL EMERGENCY MANAGEMENT AGENCY

MANAGEMENT REPORTS

National Level Exercise 2011- Federal Partner Participation

We developed a report on Federal partner participation in National Level Exercise 2011 to encourage all Federal Inspectors General to assess their agency's preparedness for disaster response. In preparing this report, we observed the functional exercise component of National Level Exercise 2011, held May 16–19, 2011, which began with a simulated earthquake along the New Madrid fault line. The exercise included more than 4,000 Federal employees from 43 departments

and agencies, and various state and local agencies, as well as private sector and nonprofit organizations. The exercise identified issues that hamper our Nation's ability to respond to a catastrophic disaster. This report is not an evaluation of National Level Exercise 2011 and does not contain any recommendations; however, we expect that it will result in additional assessments of Federal partners' disaster response capabilities. (OIG-12-01, October 2011, EMO)
http://www.oig.dhs.gov/assets/Mgmt/OIG_12-01_Oct11.pdf

The State of Louisiana's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009

The State of Louisiana received \$40.4 million in State Homeland Security Program grants and \$18.8 million in Urban Areas Security Initiative grants awarded by FEMA during fiscal years 2007 through 2009. This audit was mandated by Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, to determine: (1) whether grant funds were distributed and spent effectively, efficiently, and in compliance with applicable Federal laws and regulations, and (2) the extent to which the state has measured improvements in its ability to prevent, prepare for, protect against, and respond to disasters and acts of terrorism.

Generally, the State Administrative Agency administered grant program requirements effectively and efficiently and in compliance with grant guidance and regulations. Program goals and objectives were linked to national priorities and DHS mission areas, grant funds were spent on allowable items and activities, and adequate controls existed over the approval of expenditures and reimbursement of funds.

However, improvements are needed in measuring goals and objectives, subgrantee monitoring, and multi-year training and exercise plans. Our three recommendations call for FEMA to require the

State of Louisiana to initiate improvements, which, if implemented, should help strengthen program management, performance, and oversight of the grant programs. FEMA concurred with all of the recommendations. (OIG-12-03, November 2011, OA)
http://www.oig.dhs.gov/assets/Mgmt/OIG_12-03_Nov11.pdf

The State of Colorado's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009

The State of Colorado received \$29 million in State Homeland Security Program grants and \$23 million in Urban Areas Security Initiative grants awarded by FEMA during fiscal years 2007 through 2009. This audit was mandated by Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, to determine: (1) whether grant funds were distributed and spent effectively, efficiently, and in compliance with applicable Federal laws and regulations, and (2) the extent to which the State of Colorado has measured improvements in its ability to prevent, prepare for, protect against, and respond to disasters and acts of terrorism.

Generally, the State Administrative Agency did an effective job of developing its Homeland Security Strategic Plan, distributing grant funds, and ensuring that all of the available funds were being used. The State of Colorado used reasonable methods to assess threats, vulnerabilities, and capabilities and needs, and allocated funds accordingly. The State of Colorado complied with cash management and status reporting requirements, and generally spent funds in accordance with grant requirements and State-established priorities.

However, improvements were needed in the State of Colorado's guidance to subgrantees, monitoring of grant activities, performance and preparedness measurement, and responses to subgrantee cash flow problems. Our ten recommendations call for FEMA to require the State of Colorado to initiate

improvements, which, if implemented, should help strengthen program management, performance, and oversight of the grant programs. FEMA concurred with all of the recommendations. (OIG-12-04, November 2011, OA)
http://www.oig.dhs.gov/assets/Mgmt/OIG_12-04_Nov11.pdf

The State of Oklahoma's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2006 through 2008

The State of Oklahoma received \$21.2 million in State Homeland Security Program grants and \$13.5 million in Urban Areas Security Initiative grants awarded by FEMA during fiscal years 2006 through 2008. This audit was mandated by Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, to determine whether grant funds were distributed and spent strategically, effectively, and in compliance with laws, regulations, and guidance. The goal of this audit was to identify problems and solutions that can help the state better prepare for and respond to threats, acts of terrorism, and other hazards.

Generally, the state did an efficient and effective job of administering the program requirements in compliance with grant guidance and regulations. Funding was linked to goals in the State Homeland Security Strategy and project-based objectives, which in turn were based on initiatives and needs identified by the Oklahoma Office of Homeland Security. Funds and resources were distributed based on those project-based objectives. Reasonable methodologies were used for assessing threats, vulnerabilities, and response capability.

However, improvements were needed in Oklahoma's documentation of performance monitoring and identification of equipment purchased with DHS grant funds. Our recommendation calls for FEMA to require the State of Oklahoma to initiate improvements, which, if implemented, should help strengthen program management, performance, and oversight

of the grant programs. FEMA concurred with the recommendation.

(OIG-12-11, November 2011, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-11_Nov11.pdf

The State of Florida's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009

The State of Florida received \$96.6 million in State Homeland Security Program grants and \$111.5 million in Urban Areas Security Initiative grants awarded by FEMA during fiscal years 2007 through 2009. This audit was mandated by Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, to determine:

(1) whether grant funds were distributed and spent effectively, efficiently, and in compliance with the law, program guidance, and state homeland security plans and other applicable plans, and (2) the extent to which the state has measured improvements in its ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters.

Generally, the State Administrative Agency administered grant program requirements effectively and efficiently and in compliance with grant guidance and regulations. Program goals and objectives were linked to national priorities and DHS mission areas, grant funds were spent on allowable items and activities, and adequate controls existed over the approval of expenditures and reimbursement of funds.

However, improvements are needed in subawards to local jurisdictions, timeliness of grant fund obligations and expenditures, measureable goals and objectives, and sustainability of local projects. Our six recommendations call for FEMA to require the State of Florida to initiate improvements, which, if implemented, should help strengthen program management, performance, and oversight of the grant programs. FEMA concurred with all of the recommendations.

(OIG-12-13, November 2011, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-13_Nov11.pdf

The State of Minnesota's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009

The State of Minnesota received \$29.8 million in State Homeland Security Program grants and \$24.9 million in Urban Areas Security Initiative grants awarded by FEMA during fiscal years 2007 through 2009. This audit was mandated by Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, to determine (1) whether grant funds were distributed and spent effectively, efficiently, and in compliance with applicable laws and regulations, and (2) the extent to which grant funds enhanced the state's ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other man-made disasters.

Generally, the state did an efficient and effective job of administering the program requirements in compliance with grant guidance and regulations. The state's plans linked funding to all-hazard capabilities and to goals that were established based on risk assessments.

However, we identified seven areas for improving grants management: state strategy updates, subgrantee monitoring, property management, grant expenditure reviews, financial status and progress reporting, fusion center sustainability, and internal controls over financial operations. Our 15 recommendations call for FEMA to initiate improvements, which, if implemented, should help strengthen program management, performance, and oversight. FEMA concurred with 11 of the 15 recommendations and concurred with the intent of the remaining 4 recommendations.

(OIG-12-14, November 2011, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-14_Nov11.pdf

Relationships Between Fusion Centers and Emergency Operations Centers

Our report assessed interaction and information sharing between Fusion Center and Emergency Operations Center (EOC) officials. Fusion Centers and Emergency Management efforts are enhanced with better interaction and information

sharing. A Fusion Center is a collaborative effort of two or more agencies that provide resources, expertise, and information to the center with the goal of maximizing the ability to detect, prevent, investigate, and respond to criminal and terrorism activity. Fusion Centers and EOCs play a critical role in linking State and local on-the-ground information with the strategies and response of the Federal Government. Some Fusion Centers are all-crimes oriented and do not consider EOCs as partners in their operations. Many EOC officials view Fusion Centers as solely law enforcement entities and either do not see a need or do not know how to effectively coordinate with them. These officials would benefit from building stronger relationships with each other. Officials at Fusion Centers and EOCs we visited were not always aware of each other's roles, capabilities, and information needs. Fusion Centers and EOC officials also were not always aware of and did not always utilize Federal guidance developed to address coordination and information sharing efforts. Finally, we determined that the classification of information impedes effective information sharing between Fusion Centers and EOCs officials. We made eight recommendations that, when implemented, should improve Fusion Centers and EOC's interaction and information sharing efforts.

(OIG-12-15, December 2011, EMO)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-15_Dec11.pdf

The State of Montana's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2007 through 2009

The State of Montana received \$16.5 million in State Homeland Security Program grants awarded by FEMA during fiscal years 2007 through 2009. This audit was mandated by Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, to determine (1) whether grant funds were distributed and spent effectively and efficiently, and in compliance with applicable laws and regulations; and (2) the extent to which grant funds enhanced the state's ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other man-made disasters.

Generally, the state did an efficient and effective job of administering the program requirements in compliance with grant guidance and regulations. The state's plans linked funding to all-hazard capabilities and to goals that were established based on risk assessments.

However, we identified four areas for improving grants management: measurement of goals and objectives, compliance with property management requirements, subgrantee performance monitoring, and financial management internal controls. Our 13 recommendations call for FEMA to initiate improvements, which, when implemented, should help strengthen program management, performance, and oversight. FEMA concurred with the recommendations.

(OIG-12-16, December 2011, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-16_Dec11.pdf

The State of Ohio's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009

The State of Ohio received \$64.5 million in State Homeland Security Program grants and \$48.3 million in Urban Areas Security Initiative grants awarded by FEMA during fiscal years 2007 through 2009. This audit was mandated by Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, to determine (1) whether grant funds were distributed and spent effectively and efficiently, and in compliance with applicable laws and regulations, and (2) the extent to which grant funds enhanced the state's ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other man-made disasters.

Generally, the state did an efficient and effective job of administering the program requirements, distributing grant funds, and ensuring that all available funds were used. The state also used an appropriate process for developing a strategy for improving preparedness that contained measurable goals and objectives.

However, we identified five areas for improving grants management: the timely release of grant funds to subgrantees, the timely payment of subgrantees for grant-funded expenditures, compliance with procurement regulations, compliance with property management requirements, and monitoring of subgrantees. Our 12 recommendations call for FEMA to initiate improvements, which, when implemented, should help strengthen program management, performance, and oversight. FEMA concurred with 11 of the 12 recommendations and concurred with the intent of the remaining recommendation.

(OIG-12-17, December 2011, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-17_Dec11.pdf

FEMA's Process for Tracking Public Assistance Insurance Requirements

As a condition of receiving Federal disaster assistance following a disaster, Public Assistance (PA) applicants are required to obtain and maintain insurance in order to protect facilities against future loss to property. We determined that, as implemented, FEMA's program actually provides disincentives to carry insurance in that FEMA compensates owners that carry insurance for damages that their insurers do not cover. Uninsured owners, however, may receive FEMA assistance to recover 100% of their losses for the first disaster. FEMA also is silent on a number of important policy issues. Furthermore, FEMA cannot reliably determine if an applicant has received disaster assistance in the past, leaving FEMA at risk of providing duplicate assistance in violation of the Stafford Act.

We further determined that improvements are needed to: strengthen existing monitoring and oversight activities of states and FEMA, enhance management controls over the program's automated systems, complete the rulemaking process begun by FEMA in 2000, and provide additional PA insurance guidance.

Our recommendations to the Associate Administrator for Response and Recovery include: Evaluating and improving the program's review process; implementing quality control procedures;

modifying and updating database information; completing the decade-old rulemaking process; and providing additional guidance on PA insurance. (OIG-12-18, December 2011, EMO)
http://www.oig.dhs.gov/assets/Mgmt/OIG_12-18_Dec11.pdf

Homeland Security Grant Program Funds Awarded for Project Shield

In response to a congressional request, we audited approximately \$45 million in Urban Areas Security Initiative grant funds provided to Cook County, Illinois, between fiscal years 2003 and 2009 for Project Shield. Our audit objective was to determine if the funds for the interoperable communication equipment project were spent efficiently and effectively.

We determined that Urban Areas Security Initiative grant funds for Project Shield were not spent efficiently or effectively. The Urban Area Working Group (representatives of jurisdictions and response disciplines that comprise the defined urban area) and Cook County did not adequately plan or manage the project to ensure that the equipment worked properly, the system could be operated in an emergency situation, and the costs were reasonable, allowable, and allocable. This was due in part because FEMA did not adequately ensure that the State of Illinois effectively monitored Cook County's expenditure of grant funds. As a result, Project Shield was not implemented effectively.

We recommended that FEMA suspend future Project Shield funds for Cooke County until the grantee validates effective use of the equipment and ensures that the costs were reasonable, allowable, and allocable. We also recommended that FEMA establish a review process for new technology projects and ensure that grantees perform proper oversight of subgrantees. FEMA concurred with our four recommendations. (OIG-12-19, December 2011, OA)
http://www.oig.dhs.gov/assets/Mgmt/OIG_12-19_Dec11.pdf

Future Directions of FEMA's Temporary Housing Assistance Program

FEMA spent more than \$400 million for five housing pilot projects to explore possible future options for disaster housing. The \$400 million grant program to four states resulted in 3,700 units of interim housing, more than 1,600 of which will remain as permanent housing units. However, there were major delays in completing projects, some of the more innovative concepts were not completed, and costs were significantly higher than planned. One state's contractor received more than \$5.5 million but managed to complete only six housing units. Weaknesses in program design and inadequate planning and cost-data were the primary causes of the problems encountered. The report addresses each of the problems encountered and makes recommendations for improvements in future housing options.

(OIG-12-20, December 2011, EMO)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-20_Dec11.pdf

Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2011

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires DHS OIG to audit individual states' management of State Homeland Security Program and Urban Areas Security Initiative grants, and annually submit to Congress a report summarizing the results of those audits. This report responds to the annual reporting requirement and summarizes audits of seven states completed in FY 2011.

Generally, the states did an efficient and effective job of administering the grant management program requirements, distributing grant funds, and ensuring that all of the \$1.7 billion in available funds were used. Most states used reasonable methodologies to assess threats, vulnerabilities, capabilities, and needs, and allocated funds accordingly. Also, most states complied with status reporting requirements, and procurement methodologies conformed to the states' strategies. We identified five innovative practices that could be considered for use by other jurisdictions.

We identified two key areas for improvement: strategic planning and oversight of grant activities. We also identified approximately \$7.5 million in questioned costs. The report summarizes 70 recommendations addressing these areas. FEMA concurred with all recommendations, and corrective actions are underway.

(OIG-12-22, December 2011, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-22_Dec11.pdf

Fire Station Construction Grants Funded by the American Recovery and Reinvestment Act of 2009

The *American Recovery and Reinvestment Act of 2009* (Recovery Act) appropriated to FEMA \$610 million, of which \$210 million was for competitive firefighter assistance grants for the purpose of “modifying, upgrading, or constructing non-Federal fire stations.” We determined that as of September 30, 2010, FEMA had awarded \$207 million of Recovery Act funds to 116 grant recipients. Also, we concluded that FEMA administered the Fire Station Construction Grant Program in accordance with plans and requirements. Additionally, we identified a need for FEMA to improve program monitoring and ensure that recommended corrective actions from Fire Station Construction grant financial desk reviews are communicated to Grants Program Directorate leadership. FEMA agreed with the recommendations.

(OIG-12-23, January 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-23_Jan12.pdf

The State of Washington’s Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009

The State of Washington received \$32 million in Urban Areas Security Initiative grants awarded by FEMA during fiscal years 2007 through 2009. This audit was mandated by Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, to determine (1) whether grant funds were distributed and spent effectively, efficiently, and in compliance with applicable laws and regulations; and (2) the extent to which

grant funds enhanced the state’s ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other man-made disasters.

Generally, the State of Washington did an efficient and effective job of administering the program requirements, distributing grant funds, and ensuring that all available funds were used. The State of Washington formed working groups to establish priorities and spent grant funds in accordance with such priorities and applicable Federal laws and regulations.

However, we identified two areas for improvement: the Urban Area strategy and the assessment process to measure improvement. Our four recommendations call for FEMA to initiate improvements, which, when implemented, should help strengthen program management, performance, and oversight. FEMA concurred with one of the recommendations and concurred with the intent of the remaining recommendations.

(OIG-12-27, January 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-27_Jan12.pdf

The U.S. Virgin Islands Management of State Homeland Security Program Grants Awarded During Fiscal Years 2007 through 2009

The U.S. Virgin Islands received \$4.6 million in State Homeland Security Program grants awarded by FEMA during fiscal years 2007 through 2009. This audit was mandated by Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, to determine (1) whether grant funds were distributed and spent effectively and efficiently, and in compliance with applicable laws and regulations, and (2) the extent to which grant funds enhanced the U.S. Virgin Islands’ ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other man-made disasters.

We determined that the territory did not do an efficient and effective job of administering the program requirements in accordance with grant guidance and regulations. We identified eight areas

for improvement: strategic goals and objectives, sole source procurement and management of contract deliverables, financial management documentation, property management controls and accountability, use of purchased equipment, procurement of training, personnel time charges, and filing financial reports. As a result, we questioned \$1,291,486 for specific items claimed by the territory. We also considered the entire \$3,429,214 drawn down by the territory for fiscal years 2007 through 2009 as potential questioned costs until the territory provides adequate support for the funds. We further concluded that FEMA should consider classifying the territory as a high-risk grantee because of the numerous problems noted in our audit.

Our 22 recommendations called for FEMA to initiate improvements, which, when implemented, should help strengthen program management, performance, and oversight. FEMA concurred with all 22 recommendations.
(OIG-12-29, January 2012, OA)
http://www.oig.dhs.gov/assets/Mgmt/OIG_12-29_Jan12.pdf

Efforts to Expedite Disaster Recovery in Louisiana

We determined that only 6.3% of all Katrina-related PA projects in Louisiana have been closed. FEMA, state officials, and subgrantees said that several factors delayed efforts to close PA projects: the catastrophic damage caused by the hurricane, the Federal Government's commitment to reimburse Louisiana 100% of all PA project costs, FEMA's complicated project procurement process, PA decision inconsistencies, and Louisiana's staff resources. The report identified opportunities for FEMA to improve the process. We recommended that FEMA work with the State of Louisiana to close completed Katrina-related projects and improve the management process for future funded PA projects.
(OIG-12-30, January 2012, EMO)
http://www.oig.dhs.gov/assets/Mgmt/OIG_12-30_Jan12.pdf

Inspection of FEMA's Regional Offices – Region IX

FEMA maintains ten Regional Offices, which are responsible for implementing the agency's programs and policies; preparing for, responding to, and recovering from disasters and emergencies; and mitigating against all hazards. The regional level is where FEMA engages most directly with state, local, and tribal partners, as well as disaster victims, to deliver frontline services. The *Post-Katrina Emergency Management Act of 2006* directed FEMA to develop and maintain robust Regional Offices to fulfill a number of responsibilities. We concluded that FEMA's Region IX has engaged its stakeholders at the state, local, and tribal levels in order to identify and address regional priorities. In addition, Region IX has made great efforts to fulfill its legislated responsibilities and implement several delegated authorities. We identified several areas for improvement. Specifically, Region IX faces both budgetary and staffing shortfalls that impact its effectiveness. Additional guidance is needed in the area of preparedness, and improvements are needed in the disaster closeout process. We recommended that FEMA provide Region IX with further guidance or instruction on the roles and responsibilities in the Protection and Prevention mission area; ensure that the Regional Office is enforcing the terms and conditions of the FEMA/State agreements and using remedies for noncompliance to improve the timeliness of the disaster closeout process; and realign staffing and resources to ensure that Region IX's Grants Division can properly conduct financial and programmatic monitoring of disaster and non-disaster grant programs.
(OIG-12-43, February 2012, OA)
http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-43_Feb12.pdf

Federal Emergency Management Agency's Management Letter for FY 2011 DHS Consolidated Financial Statements Audit

KPMG LLP, under contract with DHS OIG, reviewed FEMA's internal control over financial reporting. The management letter discusses 18 observations for management's consideration identified during the FY 2011 financial statement audit. These observations were discussed with

the appropriate members of management and are intended to improve internal control or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2011 Financial Statements and Internal Control over Financial Reporting*, dated November 11, 2011, included in the *Department of Homeland Security FY 2011 Annual Financial Report*.

(OIG-12-46, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-46_Mar12.pdf

The State of Arizona's Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009

The State of Arizona received \$48.5 million in Urban Areas Security Initiative grants awarded by FEMA during fiscal years 2007 through 2009. This audit was mandated by Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, to determine (1) whether grant funds were distributed and spent effectively, efficiently, and in compliance with applicable laws and regulations; and (2) the extent to which grant funds enhanced the state's ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other man-made disasters.

Generally, the State of Arizona did an effective and efficient job of administering the program requirements, distributing grant funds, and ensuring that all available funds were used. The State of Arizona formed strategic planning working groups to ensure that the state strategy and the Urban Areas Security Initiative strategy were in alignment with the target capabilities, and to identify gaps in the strategy and corrective action needed to close the gaps.

However, we identified one area for improvement: compliance with exercise reporting requirements. Our two recommendations call for FEMA to initiate improvements, which, when implemented, should help strengthen program management,

performance, and oversight. FEMA concurred with both of the recommendations.

(OIG-12-61, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-61_Mar12.pdf

FEMA's Efforts to Recoup Improper Payments in Accordance With the Disaster Assistance Recoupment Fairness Act of 2011

We assessed the cost effectiveness of FEMA's efforts to recoup improper payments in accordance with the *Disaster Assistance Recoupment Fairness Act of 2011* (DARFA). DARFA authorizes the Administrator of FEMA to waive a debt arising from improper payments provided for disasters declared between August 28, 2005, and December 31, 2010, if the excessive payment was based on FEMA error; there was no fault by the debtor; collection of the debt is against equity and good conscience; and the debt does not involve fraud, a false claim, or misrepresentation by the debtor or others with an interest in the claim. FEMA is authorized to grant a waiver to eligible debtors with a 2010 adjusted gross income (AGI) of up to \$90,000 or less; and, subject to certain conditions, only a partial waiver to those with an AGI greater than \$90,000. This is the first in a series of six congressionally mandated reports that will be issued every 3 months through June 2013. This report does not contain any recommendations. We requested, and FEMA is assembling, information that will enable us to assign costs to its recoupment activities. This information as well as an interim cost-effectiveness assessment will be provided in our future reports.

(OIG-12-62, March 2012, EMO)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-62_Mar12.pdf

DISASTER ASSISTANCE GRANTS

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (P.L. 93-288), as amended, governs disasters declared by the President of the United States. Title 44 of the Code of Federal Regulations provides further guidance and requirements for administering disaster assistance grants awarded by FEMA. We review grants to ensure that grantees or

subgrantees account for and expend FEMA funds according to Federal regulations and FEMA guidelines.

We issued 28 financial assistance grant reports during the period. Those reports disclosed questioned costs totaling \$32,567,455, of which \$11,718,850 was unsupported. A list of these reports, including questioned costs and unsupported costs, is provided in appendix 4. A summary of some of our reports follows.

FEMA Hazard Mitigation Grant Program Funds Awarded to Rebuild Northwest Florida, Pensacola, Florida

Rebuild Northwest Florida received Hazard Mitigation Grant Program (HMGP) awards totaling \$37.6 million under six Florida disaster declarations. The awards, provided by the Florida Division of Emergency Management (FDEM), a FEMA grantee, included 75% FEMA funding to wind retrofit low and moderate-income homes in various locations throughout Escambia County, and to install standby electronic power systems to domestic abuse centers in Escambia and Santa Rosa Counties. We reviewed costs totaling \$24 million under the awards. Rebuild did not fully comply with Federal post-award procurement requirements, which resulted in excessive contract charges of \$878,200 (Federal share \$658,650). Also, Rebuild and the state did not fully comply with post-award grant financial management requirements. Finally, certain homes modified according to the wind retrofit measures designed by Rebuild's engineer may not be able to withstand the intended wind speed of at least 130 miles per hour.

We recommended that the Regional Administrator, FEMA Region IV: (1) disallow questioned costs of \$878,200 (Federal share \$658,650); (2) instruct Rebuild to develop written procedures to minimize the time elapsing between receipt of Federal funds and the disbursement of those funds, and instruct the state to reimburse Rebuild in a timely manner; (3) instruct the state to review the amount of working capital advances needed by Rebuild and to consolidate such advances whenever

possible; (4) instruct the state to require Rebuild to keep advanced funds in an interest-bearing account; (5) impute interest that would have been earned on the advanced funds, and instruct Rebuild to remit the interest to FEMA to be put to better use; (6) instruct the state to conduct an independent assessment of the engineer of record's design specifications to determine if they are adequate to withstand wind loads certified by Rebuild's engineer; and (7) instruct Rebuild to implement corrective measures on homes where any gable-end design specifications are identified as deficient during the independent assessment. (DA-12-01, November 2011, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DA-12-01_Nov11.pdf

FEMA Public Assistance Grant Funds Awarded to Long Beach School District, Long Beach, Mississippi

The Long Beach School District received a public assistance award of \$20.2 million from the Mississippi Emergency Management Agency (MEMA), a FEMA grantee, for damages resulting from Hurricane Katrina in August 2005. The award provided 100% FEMA funding for debris removal, emergency protective measures, and repair of buildings, equipment, and recreational facilities. Our audit focused primarily on \$14.2 million awarded under eight projects. The district accounted for expenditures on a project-by-project basis, as required by Federal regulations and FEMA guidelines. However, the district did not reduce eligible project costs for insurance recoveries totaling \$439,950. In addition, the district did not always comply with Federal procurement procedures and documentation requirements, resulting in \$632,457 of ineligible and unsupported costs. We recommended that the Regional Administrator, FEMA Region IV: (1) disallow \$439,950 (FEMA share \$439,950) of ineligible project costs covered by insurance, (2) instruct the district to comply with federal procurement regulations, and (3) disallow \$632,457 (FEMA share \$632,457) of unsupported contract costs. (DA-12-02, December 2011, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DA-12-02_Dec11.pdf

FEMA Public Assistance Grant Funds Awarded to City of Miami Beach, Florida – Hurricane Wilma

The City of Miami Beach, Florida, received an award of \$8.5 million from FDEM, a FEMA grantee, for damages related to Hurricane Wilma. The award provided 100% FEMA funding for debris removal, emergency protective measures, and permanent repairs to damaged roads, bridges and recreation, and public utility facilities. Our audit focused on \$4.5 million awarded under four large projects. The city did not account for large project expenditures on a project-by-project basis. We also identified \$154,922 of questioned costs resulting from duplication of benefits, and unsupported and ineligible project charges. We recommended that the Regional Administrator, FEMA Region IV: (1) instruct the city to separately account for large projects, and (2) disallow \$154,922 of questioned costs. (DA-12-04, January 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DA-12-04_Jan12.pdf

FEMA Public Assistance Grant Funds Awarded to City of Miami Beach, Florida – Hurricane Katrina

The City of Miami Beach, Florida, received an award of \$1.7 million from FDEM, a FEMA grantee, for damages related to Hurricane Katrina. The award provided 100% FEMA funding for debris removal, emergency protective measures, and permanent repairs to public buildings and facilities. Our audit focused on \$1.5 million awarded under three large projects. The city did not account for large project expenditures on a project-by-project basis. We also identified \$39,887 of questioned costs resulting from non-disaster and unsupported project charges. We recommended that the Regional Administrator, FEMA Region IV: (1) instruct the city to separately account for large projects, (2) disallow \$2,096 of non-disaster related charges, and (3) disallow \$37,791 of unsupported charges. (DA-12-05, January 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DA-12-05_Jan12.pdf

FEMA Public Assistance Grant Funds Awarded to Puerto Rico Highway and Transportation Authority - Tropical Storm Jeanne

The Puerto Rico Highway and Transportation Authority received an award of \$2.5 million from the Puerto Rico Office of Management and Budget (OMB), a FEMA grantee, for damages resulting from Tropical Storm Jeanne, which occurred in September 2004. The award provided 75% FEMA funding for the repair of roads and bridges. We reviewed costs totaling \$2.5 million under the award. The authority generally accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines. However, we identified \$59,847 of questionable costs resulting from non-disaster and excessive project charges. We recommended that the Regional Administrator, FEMA Region II: (1) disallow \$53,137 (\$39,853 Federal share) of non-disaster related project charges and (2) disallow \$6,710 (\$5,033 Federal share) of excessive contract charges. (DA-12-06, February 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DA-12-06_Feb12.pdf

FEMA Public Assistance Grant Funds Awarded to Puerto Rico Highway and Transportation Authority – Flood Events of October 2005

The Puerto Rico Highway and Transportation Authority received an award of \$1.2 million from the Puerto Rico OMB, a FEMA grantee, for damages resulting from flood events of October 2005. The award provided 75% FEMA funding for debris removal activities, emergency protective measures, and repair of roads and bridges. We reviewed costs totaling \$1.2 million under the award. The authority generally accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines. However, we identified \$64,340 of unneeded project funding that FEMA should deobligate and put to better use. We also determined that the authority's claim included \$62,963 of questionable costs. We recommended that the Regional Administrator, FEMA Region II: (1) deobligate \$64,340 (\$48,255 Federal share) of unneeded project funding and put to better use; (2) disallow \$45,652 (\$34,239 Federal share) of ineligible costs resulting from a duplication of benefits; and (3) disallow

\$17,311 (\$12,983 Federal share) of ineligible and unsupported contract charges.

(DA-12-07, February 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DA-12-07_Feb12.pdf

FEMA Public Assistance Grant Funds Awarded to the Kentucky National Guard

The Kentucky National Guard received an award of \$8.8 million from the Kentucky Department of Emergency Management, a FEMA grantee, for damages resulting from severe ice storms in February 2009. The award provided 75% FEMA funding for emergency protective measures and permanent repairs to buildings and facilities. Our audit focused on \$8.8 million awarded under one large project and one small project. The National Guard accounted for large project expenditures on a project-by-project basis. However, we identified \$468,518 of questioned costs resulting from unsupported, excessive, and ineligible project charges. We recommended that the Regional Administrator, FEMA Region IV disallow the \$468,518 of questioned costs.

(DA-12-08, February 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DA-12-08_Feb12.pdf

FEMA Public Assistance Grant Funds Awarded to City of Orlando, Florida – Hurricane Charley

The City of Orlando, Florida, received an award of \$17.1 million from FDEM, a FEMA grantee, for damages related to Hurricane Charley, which occurred in August 2004. The award provided 90% FEMA funding for debris removal activities, emergency protective measures, and permanent repairs to buildings and facilities. Our review focused on \$13.1 million awarded and claimed under 13 large projects and 37 small projects. The city accounted for project expenditures on a project-by-project basis as required by Federal regulation. However, the city's claim included \$809,052 of costs that were covered by insurance. We recommended that the Regional Administrator, FEMA Region IV, disallow the \$809,052 (Federal share \$728,147) of ineligible costs.

(DA-12-10, February 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DA-12-10_Feb12.pdf

FEMA Public Assistance Grant Funds Awarded to City of Orlando, Florida – Hurricane Jeanne

The City of Orlando, Florida, received an award of \$9.9 million from FDEM, a FEMA grantee, for damages related to Hurricane Jeanne, which occurred in September 2004. The award provided 90% FEMA funding for debris removal activities, emergency protective measures, and permanent repairs to buildings and facilities. The award consisted of 18 large projects and 38 small projects. Our review primarily focused on \$4.3 million awarded under four large projects. The city generally accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines. However, we identified \$51,951 of costs that were covered by insurance. We recommended that the Regional Administrator, FEMA Region IV, disallow \$51,951 (Federal share \$46,756) of ineligible costs for losses covered by insurance.

(DA-12-11, February 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DA-12-11_Feb12.pdf

FEMA Public Assistance Grant Funds Awarded to Massachusetts Department of Conservation and Recreation

The Massachusetts Department of Conservation and Recreation (MDCR) received an award of \$9.7 million from the Massachusetts Department of Emergency Management, a FEMA grantee, for damages resulting from a severe winter ice storm in December 2008. The award provided 75% FEMA funding for debris removal activities, emergency protective measures, and permanent repairs to facilities. We reviewed costs totaling \$6.0 million awarded to MDCR's. MDCR generally accounted for FEMA grant funds according to Federal regulations and FEMA guidelines. However, MDCR's claim included \$357,332 of questionable costs consisting of \$99,344 of excessive costs and \$257,988 of unsupported costs. We recommended that the FEMA Regional Administrator, Region I, disallow: (1) \$99,344 (\$74,508 Federal share) of excessive project costs and (2) \$257,988 (\$193,491 Federal share) of unsupported costs.

(DA-12-12, March 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DA-12-12_Mar12.pdf

FEMA Public Assistance Grant Funds Awarded to Harrison County Library System, Gulfport, Mississippi

The Harrison County Library System received an award of \$6 million from MEMA, a FEMA grantee, for damages resulting from Hurricane Katrina in August 2005. The award provided 100% FEMA funding for replacement of contents, equipment, furniture, interior fixtures, and restoration of books. We reviewed awards for 14 large projects totaling \$5.4 million. The library accounted for expenditures on a project-by-project basis, as required by Federal regulations and FEMA guidelines. However, the library did not reduce eligible project costs for cash and other donations received for disaster recovery purposes, which resulted in \$2,420,650 of duplicated benefits. In addition, the library overstated its funding request by \$2,107,836 for projects awarded by FEMA based on the “improved project” criteria. Finally, the library did not take the necessary affirmative steps to ensure that minority firms, women’s business enterprises, and labor surplus area firms were used, when possible, for contracted work totaling \$1,356,755. We recommended that the Regional Administrator, FEMA Region IV: (1) disallow \$2,420,650 of ineligible duplicate benefits received under multiple projects as a result of cash and other donations received for disaster recovery efforts; (2) deobligate and put to better use \$2,107,836 of overstated FEMA funding obligated under multiple improved projects; and (3) disallow \$133,810 of costs awarded for contracts that were not procured in accordance with Federal procurement requirements, unless FEMA makes an affirmative decision that the contract awards were fair and waives the procurement requirement. (DA-12-13, March 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DA-12-13_Mar12.pdf

FEMA Public Assistance Grant Funds Awarded to City of Virginia Beach, Virginia

The City of Virginia Beach, Virginia, received a public assistance award of \$2.6 million from the Virginia Department of Emergency Management, a FEMA grantee, for damages as a result of Tropical Depression Ida and a nor’easter that occurred in November 2009. The award provided

75% FEMA funding for debris removal activities, emergency protective measures, and permanent repairs to facilities. We reviewed costs totaling \$1.9 million awarded to the city. The City accounted for FEMA grant funds according to Federal regulations and FEMA guidelines. However, the city’s claim included \$175,047 of questionable costs consisting of \$93,817 of unsupported costs and \$81,230 of ineligible project costs. We recommended that the FEMA Regional Administrator, Region IV, disallow \$93,817 (\$70,363 Federal share) of unsupported costs and \$81,230 (\$60,922 Federal share) of ineligible project costs.

(DA-12-14, March 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DA-12-14_Mar12.pdf

FEMA Public Assistance Grant Funds Awarded to Prairie Land Electric Cooperative Inc., Norton, Kansas

Prairie Land Electric Cooperative Inc. received an award of \$27 million from the Kansas Division of Emergency Management, a FEMA grantee, for damages caused by a severe winter storm on November 27–28, 2005. The cooperative generally accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines. However, the cooperative claimed mutual aid costs incurred in completing permanent recovery work, which is not eligible according to FEMA policy. We recommended that FEMA disallow \$133,440 (\$100,080 Federal share) as ineligible costs.

(DD-12-02, November 2011, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DD-12-02_Nov11.pdf

FEMA Hazard Mitigation Grant Program Funds Awarded to Panhandle Regional Planning Commission, Amarillo, Texas

The Panhandle Regional Planning Commission received an award of \$8.6 million for a HMGP project following Hurricane Rita for the construction of residential safe rooms. The commission claimed \$7.7 million in direct project costs. The commission accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines, the project met FEMA eligibility

requirements, and project management complied with applicable regulations and guidelines.

(DD-12-03, November 2011, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DD-12-03_Nov11.pdf

FEMA Public Assistance Grant Funds Awarded to Cameron Parish School Board, Cameron, Louisiana

Cameron Parish School Board received a \$65.1 million award from the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), a FEMA grantee, for damages resulting from Hurricane Rita. We determined that Cameron generally accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines. However, although Cameron used full and open competition in awarding \$49.6 million in contracts, it did not include required provisions in its contracts and did not take sufficient steps to ensure the use of small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms for its contract work. We also determined that FEMA had not completed its review of insurance proceeds allocable to Cameron's projects. We recommended that FEMA: (1) require GOHSEP to direct Cameron to include federally required contract provisions in its contracts and to establish the necessary affirmative steps to ensure the use of small businesses, minority-owned firms, women's business enterprises, and labor surplus area firms; and (2) complete the insurance review to allocate approximately \$1 million of insurance proceeds to the total cost of Cameron's projects. Because some of the costs are funded from another source, they are ineligible.

(DD-12-04, November 2011, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DD-12-04_Nov11.pdf

FEMA Public Assistance Grant Funds Awarded to Middle School Advocates, Inc., New Orleans, Louisiana

Middle School Advocates, Inc. (MSA) received a \$13 million award to replace a school damaged during Hurricane Katrina. We determined that MSA did not account for and expend FEMA funds according to Federal regulations and FEMA

guidelines because MSA has not started, and does not plan to start, any work to replace the damaged school, as FEMA approved. Instead, MSA entered into an agreement with a third party to build a different school as a proposed alternate project without FEMA's approval. Because MSA has not completed any authorized work or claimed any costs under its award, we recommended that FEMA deobligate MSA's \$13 million award and put those Federal funds to better use. We further recommend that FEMA not approve MSA's proposed alternate project because FEMA had already authorized the third party to build the new school; therefore, providing funds to MSA for the same purpose would be a duplication of benefits. Additionally, FEMA needs to improve its procedures for determining the eligibility of (1) private non-profit entities as applicants under the public assistance program and (2) facilities to be repaired or replaced under the program.

(DD-12-05, February 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DD-12-05_Feb12.pdf

FEMA Public Assistance Grant Funds Awarded to St. Charles Parish, Louisiana

St. Charles Parish received an award of \$8.9 million from the GOHSEP, a FEMA grantee, for damages resulting from Hurricane Katrina. We determined the parish did not account for FEMA grant funds on a project-by-project basis as required by Federal regulations. As a result, the parish's claim included unsupported and ineligible costs. Further, it did not follow all Federal procurement regulations. We recommended the Regional Administrator, FEMA Region VI: (1) disallow \$8,155,230 of unsupported costs and \$733,517 of ineligible costs; (2) review the scopes of work for all the parish's projects and deobligate those projects with duplicate scopes of work; and (3) direct GOHSEP to instruct the parish to establish the necessary affirmative steps to ensure the use of small business, minority-owned firms, women's business enterprises, and labor surplus area firms; to perform cost or price analyses, and to include federally required contract provisions in its contracts. Additionally, we recommend that FEMA complete the insurance review and allocate approximately \$28,474 of insurance proceeds to

the total cost of the parish's projects. Because some of the costs are funded from another source, they are ineligible.

(DD-12-06, February 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DD-12-06_Feb12.pdf

FEMA Public Assistance Grant Funds Awarded to the Town of Fairfax, California

We audited public assistance grant funds awarded to the Town of Fairfax, California for FEMA Disaster Number 1628-DR-CA. Of the \$1,729,280 we reviewed, town officials did not account for and expend \$602,158 according to Federal grant regulations and FEMA guidelines. Specifically, we questioned: (1) \$206,034 in improper procurement costs, (2) \$345,217 in excessive and unreasonable professional services, and (3) \$50,907 in accounting errors. Further, the town had a remaining unused award amount of \$207,000 that should be deobligated and put to better use.

We recommended that the FEMA Region IX Administrator, in coordination with the California Emergency Management Agency (Cal EMA): (1) disallow \$206,034 (Federal share \$154,526) in ineligible contract costs incurred without compliance with Federal regulations and FEMA guidelines for Projects 2224, 2330, 2338, 2345, and 3041; (2) disallow \$345,217 (Federal share \$258,913) in ineligible, excessive, and unreasonable costs for construction management, engineering, and design services for Projects 2330, 2338, 2345, and 3041; (3) disallow \$50,907 (Federal share \$38,180) in ineligible project costs charged in error to Project 2122 and Project 2330; and (4) deobligate \$207,000 (Federal share \$155,250) in unused hazard mitigation funding for Project 2338, and put those Federal funds to better use. (DS-12-01, December 2011, EMO)
http://www.oig.dhs.gov/assets/Mgmt/OIG_DS-12-01_Dec11.pdf

FEMA Public Assistance Grant Funds Awarded to the Marin Municipal Water District, California

We audited public assistance grant funds awarded to the Marin Municipal Water District, California,

for FEMA Disaster Number 1628-DR-CA. The district generally expended and accounted for FEMA funds according to Federal regulations and FEMA guidelines. However, we identified \$360,266 of unused Federal funds and \$8,731 in unsupported project costs.

We recommended that the FEMA Region IX Administrator, in coordination with Cal EMA: (1) deobligate \$360,266 (Federal share \$270,200) in unused Federal funds for Projects 2883 and 3520 that the district will not be submitting for reimbursement, and put those funds to better use, and (2) disallow \$8,731 (Federal share \$6,548) in unsupported costs for Projects 2317 and 3719. (DS-12-02, December 2011, EMO)
http://www.oig.dhs.gov/assets/GrantReports/OIG_DS-12-02_Dec11.pdf

FEMA Public Assistance Grant Funds Awarded to Paso Robles Joint Unified School District, California

We audited public assistance grant funds awarded to Paso Robles Joint Unified School District, California, for FEMA Disaster Number 1505-DR-CA. Of the \$19,074,741 in project charges we reviewed, district officials did not expend or account for \$13,106,345 according to Federal regulations and FEMA guidelines. Specifically, we questioned: (1) \$12,958,864 of ineligible costs due to the replacement, rather than repair, of the Flamson Middle School Building, (2) \$2,736,887 in improper procurement costs (included in the \$12,958,864 already questioned), (3) \$145,481 in ineligible costs associated with the use of grant-funded modular buildings that were used for non-disaster-related purposes, and (4) \$2,000 in unsupported costs.

We recommended that the FEMA Region IX Administrator, in coordination with Cal EMA: (1) disallow \$12,958,864 (Federal share \$9,719,148) in ineligible replacement costs charged to Project 245; (2) establish policies and procedures that require FEMA personnel to review and revise project cost estimates calculated within Part A of the Cost Estimating Format for repair vs. replacement eligibility determinations if additional information becomes available prior

to construction; (3) disallow \$2,736,887 (Federal share \$2,052,665) in ineligible procurement costs charged to Project 245 as part of the total amount recommended for disallowance; (4) either (a) disallow the net book value of \$145,481 (Federal share \$109,111) for Project 175 as a result of noncompliance with Federal rules, regulations, and guidelines requiring FEMA to be compensated for the applicable value of the three modular buildings from the time in which they were no longer needed for disaster-related purposes, or (b) timely determine the fair market value of the modular buildings to determine the monetary value owed FEMA and proceed to expeditiously recoup that amount of funding; and (5) disallow \$2,000 (Federal share \$1,500) in unsupported costs for Project 175.

(DS-12-03, February 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DS-12-03_Feb12.pdf

FEMA Public Assistance Grant Funds Awarded to Napa County, California

We audited public assistance grant funds awarded to Napa County, California, for FEMA Disaster Number 1628-DR-CA. Of the \$4.3 million we reviewed, county officials generally expended and accounted for public assistance funds according to Federal grant regulations and FEMA guidelines. However, we identified \$881,471 of unused Federal funds, \$178,681 in excessive and unreasonable project management charges, and \$21,356 in ineligible indirect costs.

We recommended that the FEMA Region IX Administrator, in coordination with Cal EMA: (1) deobligate \$881,471 (Federal share \$661,103) and put those Federal funds to better use: \$748,280 for Project 2891 and \$133,191 for Project 3211; (2) disallow \$178,681 (Federal share \$134,011) in excessive and unreasonable costs for construction management for Project 3538; and (3) disallow \$21,356 (Federal share \$16,017) in ineligible indirect costs charged to Projects 2758, 2890, 2891, 3223, and 3538.

(DS-12-04, March 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DS-12-04_Mar12.pdf

Interim Report on FEMA Public Assistance Grant Funds Awarded to California Department of Parks and Recreation, Sacramento, CA

We are auditing FEMA PA grant funds awarded to the California Department of Parks and Recreation under FEMA Disaster Number 1628-DR-CA. Of the \$8 million awarded by FEMA, this interim report identified that department officials abandoned or will not claim costs on 26 projects awarded for \$1,108,425.

We recommended that the FEMA Region IX Administrator, in coordination with Cal EMA, deobligate \$1,108,425 (Federal share \$831,319) in unused funding, and put those Federal funds to better use.

(DS-12-05, March 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DS-12-05_Mar12.pdf

Interim Report on FEMA Public Assistance Grant Funds Awarded to Los Angeles County, California

We audited public assistance grant funds awarded to Los Angeles County, California, for FEMA Disaster Number 1577-DR-CA. We determined that the county—after completing all of the total 143 large projects as of May 2011—has a remaining balance of \$16,069,737 (Federal share \$12,052,303) in unneeded funds from 79 projects for which final costs have been accounted. The majority of these projects were completed between 2005 and 2006, and Federal funding for these projects has not yet been deobligated.

We recommended that the FEMA Region IX Administrator, in coordination with Cal EMA, deobligate \$16,069,737 (Federal share \$12,052,303), from those 79 applicable projects for which final costs have been accounted and unneeded Federal funds remain obligated, and put those funds to better use.

(DS-12-06, March 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DS-12-06_Mar12.pdf

FEMA Public Assistance Grant Funds Awarded to City of Atascadero, California

We audited public assistance grant funds awarded to the City of Atascadero, California, for FEMA Disaster Number 1505-DR-CA. We determined that of the \$12,853,623 in project charges we reviewed, city officials did not expend or account for \$8,014,375 according to Federal regulations and FEMA guidelines.

We recommended that the FEMA Region IX Administrator, in coordination with Cal EMA: (1) disallow \$2,980,900 (\$2,235,675 Federal share) in unsupported architecture and engineering costs associated with Project 229; (2) disallow \$2,654,978 (\$1,991,234 Federal share) of ineligible, excessive funding associated with the Creekside Property/second temporary City Hall for Project 239; (3) disallow \$2,377,185 (\$1,782,889 Federal share) in ineligible facility replacement costs related to the Printery Building for Project 228; and (4) disallow \$1,312 (\$984 Federal share) in ineligible costs for Project 228.

(DS-12-07, March 2012, EMO)

http://www.oig.dhs.gov/assets/GrantReports/OIG_DS-12-07_Mar12.pdf

INVESTIGATIONS

Man Convicted of Stealing FEMA Contract Award Funds

We conducted an investigation into the legitimacy of a \$70,000 invoice that was submitted to FEMA by a tree removal contractor. Our investigation determined that he conspired with other contractors to inflate expense vouchers for debris removal associated with the Hurricane Katrina cleanup. He pleaded guilty to stealing more than \$50,000 from FEMA and was sentenced to serve 36 months of probation.

Louisiana Contractor Attempted To Defraud FEMA of More Than \$1 Million

Our investigation of Benetech Inc., a FEMA contractor, resulted in the conviction of two company officials in connection with an overbilling scheme. Benetech was hired to construct a temporary jail facility in Plaquemines Parish, Louisiana. Our investigators determined that company officials Irvin Hingle and William

Bennett submitted fraudulent invoices to FEMA totaling approximately \$1.2 million. Bennett pleaded guilty to Conspiracy to commit offense or to defraud the United States and Theft or bribery concerning programs receiving Federal funds. Hingle pleaded guilty to Conspiracy. Both are awaiting sentencing.

Fraudulent Claim Leads to FEMA Disaster Arrest in Iowa

Our office investigated a member of the public who received \$21,811 as a result of a fraudulent claim for disaster benefits. We determined that the applicant submitted a FEMA claim for a rental property in Oakville, Iowa, but was actually living at another address at the time of the disaster. The subject pleaded guilty to False Statements and Fraud in connection with a major disaster and is awaiting sentencing.

Louisiana Community Development Employee Conspire to Defraud FEMA

We investigated a scheme in which an employee of the State of Louisiana, Office of Community Development/Disaster Recovery Unit, left that job and began working for a local home repair contractor. When she left employment with the state, she improperly took with her a list of the homeowners whom she had assisted in receiving FEMA grants. Additionally, a former coworker of hers, who was still a state employee, began to illegally provide her with information from the state database that identified additional homeowners who were eligible for Federal assistance. They both pleaded guilty in the Eastern District of Louisiana to Conspiracy to Commit Bribery Concerning Programs Receiving Federal Funds. They are awaiting sentencing and each faces a maximum term of 60 months of imprisonment, 36 months of supervised release, and a fine of \$250,000.

Attempted Kickback Scheme Ends in Arrest

Our investigation of a suspected kickback scheme in Jones County, Mississippi resulted in the arrest and conviction of a member of the public who was employed as a disaster zone debris removal monitor. The subject approached a debris removal subcontractor and offered to look the other way

as the contactor cut and removed ineligible debris, thereby inflating their invoices, which were paid by FEMA funds. The monitor asked to be given 10% of the inflated costs. The monitor had made a similar deal with another debris removal contractor that allowed the contractor to realize approximately \$1,000,000 in profits. The monitor was convicted of Conspiracy to Commit Fraud and is awaiting sentencing.

Five-Day Trial Ends in Conviction of Port St. Lucie Husband & Wife for FEMA Fraud

Our joint investigation with the Internal Revenue Service, Criminal Investigation Division, and the Highlands County, Florida, Sheriff's Department resulted in the arrest and conviction of an electrical contractor and his wife. The pair had obtained more than \$1,000,000 from subcontracts from a FEMA primary contractor after Hurricane Wilma. The subjects engaged in a series of structured withdrawals from their corporate bank account in amounts just below the amount necessary to trigger mandatory reports of cash transactions. In a period of six months, they withdrew \$205,000 and paid more than \$200,000 in cash to their brother-in-law, who was a company official in the primary contracting company. The pair was convicted of conspiracies to commit honest services mail fraud, money laundering, and structuring financial transactions to evade currency reporting requirements. The primary contract official pleaded guilty to receiving the kickbacks. The pair faces a penalty of up to 360 months in prison and 60 months of supervised release and is awaiting sentencing.

Abandoned Residence Used as Part of FEMA Fraud

We worked a joint investigation with the Federal Bureau of Investigation regarding a member of the public in Ashville, Alabama, who made a false claim for FEMA benefits. The subject claimed that she lived at an address which was later shown to have been abandoned long before the disaster occurred. As a result of the fraudulent claim, she received \$30,200. She pleaded guilty to one count of False Statements and is awaiting sentencing.

FEDERAL LAW ENFORCEMENT TRAINING CENTER

MANAGEMENT REPORTS

Federal Law Enforcement Training Center's Management Letter for FY 2011 DHS Consolidated Financial Statements Audit

KPMG LLP, under contract with DHS OIG, reviewed Federal Law Enforcement Training Center's internal control over financial reporting. The management letter discusses one observation for management's consideration identified during the FY 2011 financial statement audit. This observation was discussed with the appropriate members of management and is intended to improve internal control or result in other operating efficiencies. The issue did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2011 Financial Statements and Internal Control over Financial Reporting*, dated November 11, 2011, included in the *Department of Homeland Security FY 2011 Annual Financial Report*.

(OIG-12-55, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-55_Mar12.pdf

OFFICE FOR CIVIL RIGHTS AND CIVIL LIBERTIES

We received 352 civil rights and civil liberties complaints from October 1, 2011 through March 31, 2012. Of those, we opened five investigations and referred 347 complaints to the Department's Office for Civil Rights and Civil Liberties or other component agencies.

OFFICE OF INTELLIGENCE AND ANALYSIS

MANAGEMENT REPORTS

Additional Department Oversight Can Improve DHS' Intelligence Systems Security Program

We reviewed DHS' enterprise-wide security program and practices for Top Secret/Sensitive Compartmented Information intelligence systems. Pursuant to the *Federal Information Security Management Act* of 2002, we reviewed the Department's security management, implementation, and evaluation of its intelligence activities, including its policies, procedures, and system security controls for enterprise-wide intelligence systems. We determined that the Department continued to improve its information security management program for intelligence systems. DHS has developed information security policies and procedures and implemented effective security controls on intelligence systems. While system controls have been strengthened, more oversight is needed to ensure the security program's policies are implemented. We have concerns with the oversight of component plans of actions and milestones, verification of the intelligence systems inventory, establishment of a department-wide continuous monitoring program, and development of an information security training program for intelligence personnel. We made four recommendations to the Chief Information Officer of the Office of Intelligence and Analysis (I&A).

(OIG-12-02, October 2011, ITA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_SLR_12-02_Oct11.pdf

DHS' Efforts to Coordinate and Enhance Its Support and Information Sharing with Fusion Centers

A fusion center is a collaboration of two or more agencies to receive, gather, analyze, and disseminate information intending to detect, prevent, investigate, and respond to criminal or terrorist activity. The State and Local Program Office (SLPO), within I&A, is responsible for coordinating and ensuring departmental support to the National Network of Fusion Centers. We assessed: (1) whether the SLPO satisfies the intent of DHS'

recommitment to the State, Local, and Regional Fusion Center Initiative; (2) whether planned SLPO efforts will ensure coordinated support of DHS and its components to provide needed information and resources to fusion centers; and (3) if any functional or organizational challenges exist within DHS that hinder its successful support to fusion centers.

Since July 2009, the SLPO has increased field support to fusion centers, worked to improve fusion center capabilities, and engaged DHS components. Efforts to develop a department-wide fusion center support strategy are ongoing, but improvements are needed to enhance I&A' field deployments and DHS component support. We made seven recommendations to assist the SLPO in improving DHS' support to fusion centers. DHS concurred with all recommendations.

(OIG-12-10, November 2011, ISP)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-10_Nov11.pdf

TRANSPORTATION SECURITY ADMINISTRATION

MANAGEMENT REPORTS

Transportation Security Administration Penetration Testing of Advanced Imaging Technology

We conducted tests to evaluate the effectiveness of the Transportation Security Administration's (TSA) use of advanced imaging technology and its specific screening procedures. We identified vulnerabilities in this area caused by technological and human factors. We also noted that TSA does not ensure these units are being used as the primary passenger screening method.

We made eight recommendations that, when implemented, should increase the effectiveness of the advanced imaging technology screening process at the passenger screening checkpoint. TSA concurred with all of our recommendations.

(OIG-12-06, November 2011, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_SLR_12-06_Nov11.pdf

Transportation Security Administration Covert Testing of Access Controls to Secured Airport Areas

Through covert testing, we determined the TSA's policies and procedures do not always prevent unauthorized individuals from gaining access to secured airport areas. We also identified that Transportation Security Officers (TSO), airport employees, aircraft operators, and contractors were not always complying with related Federal aviation security requirements. The compilation of the number of tests conducted, the names of airports tested, and the quantitative and qualitative results of our testing are classified, or designated as Sensitive Security Information. We identified access control vulnerabilities at the domestic airports where we conducted testing. We made six recommendations to TSA. TSA concurred with three recommendations, partially concurred with two recommendations, and did not concur with one recommendation. When fully implemented, our recommendations should strengthen the overall effectiveness of the airport access controls. (OIG-12-26, January 2012, OA)
http://www.oig.dhs.gov/assets/Mgmt/OIG_SLP_12-26_Jan12.pdf

Allegations of Misconduct and Illegal Discrimination and Retaliation in the Federal Air Marshal Service

In January 2010, CNN reported allegations of misconduct and illegal employment discrimination and retaliation in the Federal Air Marshal Service's (FAMS) Orlando field office. The reports cited cronyism; age, gender, and racial discrimination; and unfair treatment in promotions, assignments, and discipline. They also included photographs of a game board modeled after the television show "Jeopardy!" with categories containing derogatory nicknames referring to veterans, females, African-Americans, Hispanics, and lesbians and gays. Although individual employees may have experienced discrimination and retaliation, we did not determine that there was widespread discrimination and retaliation within FAMS. However, individual employees told us they believe they have been discriminated against, fear retaliation, and cite favoritism. We identified factors that contributed to strained relations and became the basis for

many of the allegations. FAMS senior leadership is committed to addressing these issues and has implemented several proactive initiatives to address them. Our recommendations include identifying other means to assess Federal Air Marshals' performance; providing additional guidance and clarification regarding addressing employee misconduct, eligibility for favorable personnel actions, and promotions; developing a comprehensive system to track all stages of the discipline process; and creating and implementing an action plan to address workplace issues identified in our survey.

(OIG-12-28, January 2012, ISP)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-28_Jan12.pdf

Transportation Security Administration's Use of Backscatter Units

TSA has responsibility for scanning passengers at airport security checkpoints to detect weapons, explosives, and other prohibited items. To facilitate this process, TSA uses backscatter units, an advanced imaging technology that must conform to the Federal requirements established by the American National Standards Institute (ANSI).

As requested by Congressman Edward J. Markey, U.S. House of Representatives, we reviewed how TSA inspects, maintains, and operates backscatter units for use in passenger screening. We assessed (1) inspection plans designed to resolve issues concerning the backscatter unit's operation, (2) quality control plans to ensure compliance with radiation exposure limits, (3) the manner in which employees are trained to operate the units, (4) how overdose information is shared with Federal agencies, passengers, and employees, and (5) TSA's coordination with other Federal agencies with subject matter expertise.

Independent studies by professional organizations conducted prior to and after TSA deployed backscatters concluded that the radiation levels were below the acceptable limits required by ANSI. TSA also established procedures to ensure that radiation safety surveys were conducted during specific time frames and circumstances as required by ANSI standards.

Our review concluded that TSA can take steps to improve its passenger screening program by (1) ensuring that radiation surveys are conducted on backscatter units after any incident that may have damaged the system and caused unintended radiation emissions and that backscatter calibrations are consistently conducted and documented, (2) ensuring that all TSOs operating backscatter units complete radiation safety training, (3) determining the appropriate amount of on-the-job training for TSOs operating backscatter units, and (4) establishing notification procedures in instances of accidental radiation emissions or overdoses.

We made six recommendations to improve TSA's management of passenger screening.
(OIG-12-38, February 2012, ISP)
http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-38_Feb12.pdf

Review of Costs Invoiced by the City of San Jose Relating to the Terminal B Checked Baggage Screening Project at the Norman Y. Mineta San Jose International Airport Under Other Transaction Agreement Number HSTS04-09-H-REC161

TSA provided the City of San Jose, California, \$20,916,360 of Recovery Act funds to modify Terminal B of the Norman Y. Mineta San Jose International Airport. The funds were provided under Other Transaction Agreement No. HSTS04-09-H-REC161 and represent 90% of estimated eligible project costs of \$23,240,400. We audited the city's records to determine whether costs invoiced under the agreement were allowable, allocable, and reasonable according to the funding agreement and applicable Federal requirements. Out of invoiced costs of \$14,387,182, we questioned costs of \$254,092 for owner-controlled insurance because the costs were not adequately supported by the accounting records. Also, TSA needs to ensure that the city complied with the requirement for buying goods manufactured in America. We made two recommendations to address unsupported invoiced costs and to ensure the city's compliance with the requirement to buy American goods. The

Administrator concurred with both recommendations.

(OIG-12-40, February 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-40_Feb12.pdf

Review of Costs Invoiced by Jackson Hole Airport Board Relating to Jackson Hole Airport Checked Baggage Screening Project Under Other Transaction Agreement Number HSTS04-09-H-REC125 Awarded by the Transportation Security Administration

TSA agreed to provide Recovery Act funds of \$6,212,437 to the Jackson Hole Airport Board to support installation of a Checked Baggage Inspection System at the Jackson Hole Airport. We determined that the board's invoiced costs totaling \$6,212,437 were allowable, allocable, and reasonable for reimbursement. In addition, we verified that the board complied with requirements for submitted quarterly reports on project activities to the Federal Government; for paying prevailing wages; and for using American iron, steel, and manufactured goods in the construction of the project. The report did not contain any recommendations.

(OIG-12-41, February 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-41_Feb12.pdf

Review of Costs Invoiced by the City of San Antonio Relating to the San Antonio International Airport Terminal B Checked Baggage Screening Project Under Other Transaction Agreement Number HSTS04-09-H-REC168 Awarded by the Transportation Security Administration

TSA agreed to provide Recovery Act funds of \$14,385,466 to the City of San Antonio, Texas, to support installation of a Checked Baggage Inspection System at the San Antonio International Airport Terminal B. We determined that the city's invoiced costs totaling \$8,994,816 were allowable, allocable, and reasonable for reimbursement. In addition, we verified that the city complied with requirements for submitting quarterly reports on project activities to the Federal government; for paying prevailing wages; and for

using American iron, steel, and manufactured goods in the construction of the project. The report did not contain any recommendations. (OIG-12-44, March 2012, OA)
http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-44_Mar12.pdf

Information Technology Management Letter for the Transportation Security Administration Component of the FY 2011 DHS Financial Statement Audit

We contracted with the independent public accounting firm KPMG LLP to perform an audit of DHS' consolidated balance sheet as of September 30, 2011, and the related statement of custodial activity. KPMG LLP performed an evaluation of general IT controls at TSA to assist in planning and performing the audit. As part of this review, KPMG LLP noted certain matters involving internal control and other operational matters with respect to IT and documented their comments and recommendations 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 LLP noted that TSA took corrective action to address many prior years' IT control weaknesses. However, during FY 2011, KPMG LLP 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 Coast Guard'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 LLP considers them to collectively represent a significant deficiency under standards established by the American Institute of Certified Public Accountants (AICPA). (OIG-12-47, March 2012, ITA)
http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-47_Mar12.pdf

Transportation Security Administration's Management Letter for FY 2011 DHS Consolidated Financial Statements Audit
 KPMG LLP, under contract with DHS OIG, reviewed TSA's internal control over financial reporting. The management letter discusses 13 observations for management's consideration identified during the FY 2011 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal control or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2011 Financial Statements and Internal Control over Financial Reporting*, dated November 11, 2011, included in the *Department of Homeland Security FY 2011 Annual Financial Report*. (OIG-12-53, March 2012, OA)
http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-53_Mar12.pdf

Review of Costs Invoiced by the City of Atlanta, Georgia, Relating to the Maynard H. Jackson, Jr. International Terminal Checked Baggage Screening Project Under Other Transaction Agreement Number HSTS04-09-H-REC154 Awarded by the Transportation Security Administration

TSA agreed to provide Recovery Act funds of \$20 million to the City of Atlanta, Georgia, to support installation of a Checked Baggage Inspection System at the Maynard H. Jackson, Jr. International Terminal at the Hartsfield-Jackson International Airport. We determined that, out of \$12,816,163 invoiced to TSA for reimbursement, costs of \$1,354,740 were not adequately supported by the accounting records. We also concluded that the city complied with the requirements for submitting quarterly reports to the Federal Government, for paying prevailing wages to contractor employees, and for using American iron, steel, and manufactured goods in the construction of the project. TSA agreed with our recommendation to resolve the unsupported costs. (OIG-12-60, March 2012, OA)
http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-60_Mar12.pdf

INVESTIGATIONS

TSA Employee Sentenced for Hate Crime at Airport

We conducted a joint investigation with local police of TSO George Loren Thompson, Minneapolis, Minnesota. Thompson was arrested by Minneapolis Police Department officers after he was observed chasing and threatening to kill a young Somali male. At the time of his arrest, Thompson, who held a valid permit to carry a concealed weapon, was in possession of two handguns.

A subsequent investigation determined that in May 2010, Thompson had been identified, but not charged, by the Minneapolis Police Department, as the person who earlier assaulted an elderly Somali male. When we interviewed the 82-year-old victim, he recalled that Thompson had “strongly” grabbed him around the neck, while verbally identifying him as a Somali and cursing him.

We submitted the case for consideration to the DOJ, Civil Rights Division and Thompson ultimately pleaded guilty to one-count of Criminal Information charging him with violation of the *Matthew Shepard and James Byrd, Jr. Hate Crimes Prevention Act*. He was sentenced to 6 months of incarceration and 36 months of federally supervised probation. According to DOJ’s Civil Rights Division, this is only the second conviction secured under the hate crimes statute since it was enacted in 2009.

TSA Employee Guilty of Possessing Child Pornography

In a joint investigation with the ICE Homeland Security Investigations (HSI) Child Exploitation Group, we secured the conviction of TSO Thomas Gordon, who was found in possession of child pornography. Our investigation discovered that, while off duty, Gordon routinely used several Internet and social media sites to receive and distribute child pornography. Gordon was initially identified as an employee through a picture of him wearing a TSA uniform that he posted on a social media website. Gordon was sentenced to 132 months’ confinement.

TSA Officer Convicted of Theft and Providing False Statements

We conducted a joint investigation with the Memphis Airport Police of a TSO who was accused of stealing a laptop computer from passenger luggage at the Memphis, Tennessee, International Airport. When questioned, TSO Richard German originally denied the theft. He later told the investigators that he planned to return the item. German was found guilty by a jury of one count of Deprivation of Rights under Color of Law, one count of Officer or Employee of U.S. Converting Property of Another (Theft), and one count of False Statements. He was terminated from his employment and sentenced to imprisonment for 8 months, with 12 months probation to follow.

TSA Officer Pleads Guilty to Stealing From Passenger Luggage

We conducted a theft investigation of TSO Elliot Iglesias at the Orlando, Florida, International Airport. Our investigation revealed that, over a 3-year period, Iglesias had stolen more than 80 laptop computers and other electronic devices valued at \$80,000 from passenger luggage. Iglesias admitted that he fenced the items in Osceola County, Florida. He pleaded guilty to Federal charges of embezzlement and theft and was sentenced to 24 months of probation.

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

MANAGEMENT REPORTS

U.S. Citizenship and Immigration Services’ Progress in Transformation

Our audit objective was to determine the United States Citizenship and Immigration Services’ (USCIS) progress in implementing its business and IT transformation. Since our 2009 report, USCIS has completed a number of activities to prepare for its first transformation deployment and improved its coordination and communication with its stakeholders. However, implementation of the transformation program has been delayed

because of changes in the deployment strategy and insufficiently defined system requirements. Other challenges, such as governance and staffing problems, further delayed the program. As a result, USCIS continues to rely on paper-based processes to support its mission, which makes it difficult for USCIS to process immigration benefits efficiently, combat identity fraud, and provide other government agencies with the information required to identify criminals and possible terrorists quickly. USCIS has taken steps to address these challenges by moving to a more agile transformation approach, improving its program monitoring and governance, and focusing on staffing issues. We recommended that USCIS ensure that process documentation provides sufficient detail, develop and implement a governance structure to enable streamlined decision making, and ensure that staff with the necessary skills are in place. USCIS concurred with our recommendations and provided details on steps being taken to address specific findings and recommendations in the report. We consider all three recommendations to be resolved and open. (OIG-12-12, November 2011, ITA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-12_Nov11.pdf

The Effects of USCIS Adjudication Procedures and Policies on Fraud Detection by Immigration Services Officers

USCIS processes requests for immigration benefits. Fraud detection in the immigration benefit caseload is important to ensure program integrity and national security. Concern has been expressed that Immigration Services Officers (ISOs), who adjudicate immigration benefits, may experience pressure to process cases quickly to meet workload demands. We reviewed policies and procedures to determine program effectiveness. We determined that some important progress has been made, but that a variety of enhancements offer efficiency improvements that could strengthen program integrity. USCIS should foster more collaboration between ISOs and fraud detection staff. Additionally, further work on performance measurement would ensure that ISOs have a better understanding of how their performance will be evaluated. Finally, pressure on the adjudications

process could be lessened so that the best adjudication decision is made for each immigration benefit determination. We made 11 recommendations to USCIS to enhance overall effectiveness of the immigration benefit system. USCIS concurred with eight of the recommendations.

(OIG-12-24, January 2012, ISP)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-24_Jan12.pdf

U.S. Citizenship and Immigration Services' Management Letter for FY 2011 DHS

Consolidated Financial Statements Audit

KPMG LLP, under contract with DHS OIG, reviewed USCIS' internal control over financial reporting. The management letter discusses five observations for management's consideration identified during the FY 2011 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal control or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2011 Financial Statements and Internal Control over Financial Reporting*, dated November 11, 2011, included in the *Department of Homeland Security FY 2011 Annual Financial Report*.

(OIG-12-54, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-54_Mar12.pdf

Information Technology Management Letter for the U.S. Citizenship and Immigration Services Component of the FY 2011 DHS Financial Statement Audit

We contracted with the independent public accounting firm KPMG LLP to perform an audit of DHS' consolidated balance sheet as of September 30, 2011, and the related statement of custodial activity. KPMG LLP performed an evaluation of general IT controls at USCIS to assist in planning and performing the audit. As part of this review, KPMG LLP 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 LLP noted that USCIS took corrective action to address many prior years' IT control weaknesses. However, during FY 2011, KPMG LLP continued to find general IT control weaknesses at USCIS. The most significant findings from a financial statement audit perspective were related to the Federal Financial Management System configuration and patch management, and deficiencies within Computer Linked Application Information Management System (CLAIMS) 3 LAN and CLAIMS 4 user account management. Collectively, the IT control deficiencies limited USCIS' 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 operation, and we consider them to contribute to a material weakness at the Department level under standards established by AICPA.

(OIG-12-56, March 2012, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-56_Mar12.pdf

INVESTIGATIONS

Supervisory Immigration Services Officer and Son Sentenced for Accepting Bribes; Investigation Leads to Another Corrupt Employee

Our office and ICE conducted a joint investigation of Fernando Jacobs, Supervisory Immigration Services Officer, USCIS, and his son, who were running a scheme in which they accepted money in exchange for the issuance of immigration benefits. Our investigation revealed that beginning in 2006, Jacobs' son, a construction worker, solicited and collected money from various applicants, who paid as much as \$6,000 in cash in exchange for expedited processing of their applications and other immigration benefits, including U.S. citizenship. After the payments were made, Jacobs would direct his unwitting subordinates to favorably adjudicate the applications. Jacobs, who began Federal employment in 1980, was sentenced to 60 months of confinement and 36 months of supervised release, and ordered to pay a fine of \$30,000. His

son was sentenced to 48 months of confinement and 60 months of supervised release.

During the investigation of Jacobs and his son, we discovered that one of Jacobs' subordinate employees was running a separate scheme in which the subordinate accepted money from as many as ten illegal aliens in exchange for the issuance of immigration benefits. He pleaded guilty and will be sentenced in May 2012.

USCIS District Adjudications Officer Pleads Guilty to Accepting Bribes

We investigated Melford Christmas, a USCIS District Adjudications Officer in Garden City, New York, for soliciting and accepting bribes in exchange for favorable treatment in the immigration process. During legitimate naturalization interviews of permanent resident aliens, Christmas demanded bribes from applicants in order to approve their citizenship applications. He would then meet the applicants near their homes to collect cash payments. As a result of our investigation, Christmas admitted to soliciting and accepting amounts between \$500 to \$1,500 from four naturalization applicants. He pleaded guilty to one count of Bribery and was sentenced to 18 months of incarceration and 24 months of supervised release.

Bribery Attempt of USCIS Official Leads to Conviction of Two Foreign Nationals

A USCIS official informed us that an applicant for immigration benefits had attempted to bribe him. Our subsequent investigation resulted in the arrest and conviction of Joe Phouthavongsa and Sengchanh Sengsavath on Federal bribery charges. The two had attempted to persuade the USCIS official to improperly overlook the English language portion of the application process on behalf of specific applicants in exchange for \$3,000 to \$5,000 for each case. They are awaiting sentencing.

Student Visa Applicants Become Victims of Fraud

We investigated a private citizen who was defrauding prospective foreign exchange students by fraudulently claiming to know a USCIS employee who would facilitate their exchange student applications. The subject charged each student \$6,000. She pleaded guilty to wire fraud

and was subsequently sentenced to 72 months of confinement and 36 months of supervised release. She was additionally fined \$238,302.

UNITED STATES COAST GUARD

MANAGEMENT REPORTS

Use of American Recovery and Reinvestment Act Funds by the U.S. Coast Guard for the Alteration of Bridges Program

The USCG allocated \$142 million of Recovery Act funds for the alteration of four obstructive bridges in Iowa, Illinois, Alabama and Texas. To have enough money to complete the four bridge projects, USCG leveraged the Recovery Act funds with \$129 million previously appropriated for these projects under the *Truman-Hobbs Act*. We concluded that the USCG administered the bridge alteration projects according to plans and requirements. We also determined that USCG obligated 100% of the Recovery Act bridge alteration funds by September 30, 2009, and expended \$108 million as of June 30, 2011. Bridge owners reported creating or retaining 203 jobs during the 3-month period ending June 30, 2011. The report made no recommendations.

(OIG-12-09, November 2011, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-09_Nov11.pdf

IT Matters Related to the United States Coast Guard Component of the FY 2011 DHS Financial Statement Audit

We contracted with independent public accounting firm KPMG LLP to perform an audit of the USCG consolidated balance sheet in support of DHS' financial statement audit as of September 30, 2011. As part of this review, KPMG LLP 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

LLP noted that USCG took corrective action to address many prior years' IT control weaknesses. However, during FY 2011, KPMG LLP continued to find IT general control weaknesses at USCG. The most significant weaknesses from a financial statement audit perspective were related to control over authorization, development, implementation, and tracking of IT scripts at the 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 LLP considers them to collectively represent a material weakness at the Department level under standards established by AICPA.

(OIG-12-49, March 2012, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-49_Mar12.pdf

U.S. Coast Guard's Management Letter for FY 2011 DHS Consolidated Financial Statements Audit

KPMG LLP, under contract with DHS OIG, reviewed USCG's internal control over financial reporting. The management letter discusses six observations for management's consideration identified during the FY 2011 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal control or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2011 Financial Statements and Internal Control over Financial Reporting*, dated November 11, 2011, included in the *Department of Homeland Security FY 2011 Annual Financial Report*.

(OIG-12-58, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-58_Mar12.pdf

U.S. Coast Guard's Acquisition of the Sentinel Class – Fast Response Cutter

We performed this audit to determine whether the USCG's oversight of the Fast Response Cutter acquisition ensures that the provisions of the

contract reflect the USCG's stated operational requirements and that the contractor is meeting the requirements in the contract. The USCG's oversight of the Fast Response Cutter acquisition has helped ensure that the provisions of the contract reflect the USCG's operational requirements and that the contractor is meeting the contract's provisions. However, the USCG has executed an aggressive, schedule-driven strategy that allowed construction of the Fast Response Cutters to start before operational, design, and technical risks were resolved. Consequently, six cutters under construction required rework that resulted in at least 270 days of schedule delays for each cutter and a total cost increase of \$6.9 million for the acquisition. This aggressive acquisition strategy also allowed the USCG to procure 12 Fast Response Cutters before testing the lead cutter in actual operations. It is uncertain whether the Fast Response Cutter will perform as intended until it completes operational testing and evaluation in actual maritime environments.

USCG concurred with the two of the five recommendations, and partially concurred with three recommendations we made for it to improve this and future acquisitions.

(OIG-12-68, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-68_Mar12.pdf

INVESTIGATIONS

USCG Employees Caught in Scheme To Divert \$500,000 in Contracts to Family and Friends

We investigated USCG Lieutenant Danielle Ferreira, Norfolk, VA, who steered more than \$500,000 in USCG contracts to small businesses and received kickbacks as a result of those awards. Lieutenant Ferreira also conspired with her husband, Henry Ferreira, owner of TEDD Electric; her cousin, Tracia Christian-Young, owner of Strategy One, LLC; and USCG Petty Officer Wallace Haggins to direct contract work to the businesses for personal gain. Lieutenant Ferreira and Petty Officer Haggin received more than \$150,000 in kickbacks as a result of the scheme. Our investigation resulted in the conviction of Lieutenant Ferreira and Petty Officer Haggins on charges of wire fraud and false

statements, and the conviction of Henry Ferreira and Tracia Christian-Young on charges of theft of government money and illegal gratuities. Danielle Ferreira and Haggins are awaiting sentencing. Henry Ferreira was sentenced to 6 months of incarceration and 60 months probation. Christian-Young was sentenced to 30 days of incarceration and 12 months of probation.

UNITED STATES CUSTOMS AND BORDER PROTECTION

MANAGEMENT REPORTS

U.S. Customs and Border Protection Management of the Purchase and Storage of Steel in Support of the Secure Border Initiative

CBP uses infrastructure, including fencing, to impede illegal entry into the United States. Since 2008, CBP spent about \$310 million to purchase and store steel in support of fence construction. We performed an audit to determine the effectiveness of CBP's management of the purchase and storage of steel. We concluded that CBP did not effectively manage the purchase and storage of steel. It purchased steel based on an estimate before legally acquiring land or meeting international treaty obligations. Also, CBP did not provide effective contract oversight: it paid invoices late, did not reconcile invoices, and did not perform a review of the consent to subcontract or document the reasons for approval of the higher-priced subcontractor. CBP purchased more steel than needed, incurred additional storage costs, paid interest, and approved a higher-priced subcontractor, resulting in expenditures of about \$69 million that it could have put to better use. We recommended that CBP apply lessons learned from the purchase and storage of steel to future construction projects and strengthen its oversight of its contracting. We made five recommendations. CBP concurred with four of the recommendations and DHS provided an alternative to the fifth recommendation that met the intent of the original recommendation.

(OIG-12-05, November 2011, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-05_Nov11.pdf

CBP's Management Controls over Bonded Facilities

CBP is responsible for cargo security, including the accountability of the transfer to and storage of cargo at bonded facilities. We concluded that CBP does not have effective management controls to ensure that employees do not pose a security risk at bonded facilities. CBP has not issued national requirements for background checks on employees of bonded facilities and does not ensure port directors have management controls over background checks at bonded facilities. As a result, background checks are inconsistent and often ineffective. This may put bonded facilities at greater risk for terrorist exploitation, smuggling, and internal conspiracies.

We made four recommendations that can be taken by CBP to improve management controls at privately owned and operated bonded facilities by: (1) Establishing and implementing nationwide standard policies and procedures for conducting background checks at bonded facilities, (2) Provide port directors with a list of criminal offenses that disqualify a job applicant from employment at a bonded facility, (3) Implement a process to ensure better records management, and (4) Expand compliance reviews to include bonded facility employee background check results and updates, and reconcile compliance review results with CBP bonded facility file information. CBP concurred with all four recommendations.

(OIG-12-25, January 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-25_Jan12.pdf

United States Customs and Border Protection's Management of the Federal Employees' Compensation Act Program

The *Federal Employees' Compensation Act* (FECA), as amended, (5 U.S.C. § 8101, *et seq.*) provides wage loss compensation, medical care, vocational rehabilitation, and survivors' benefits to civilian employees and officers of the United States and certain other categories of individuals, for employment-related traumatic injuries and occupational diseases. Federal agencies are responsible for advising employees of their FECA rights and responsibilities and for managing

compensation cases. We determined that CBP has not effectively managed its FECA program to control costs. Specifically, it does not conduct comprehensive reviews of its annual workers' compensation bills and quarterly reports to validate costs, nor does it consistently manage and maintain *Federal Employees' Compensation Act* compensation case files. We attribute these deficiencies to CBP's organizational structure, which may not be suited to effectively manage the number of *Federal Employees' Compensation Act* cases. CBP also lacks policies and procedures to ensure consistent and effective case management. As a result, it has not minimized lost workdays and related compensation costs and has been billed for inappropriate costs.

(OIG-12-63, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-63_Mar12.pdf

Management Letter for U.S. Customs and Border Protection's FY 2011 Consolidated Financial Statements

KPMG LLP, under contract with DHS OIG, reviewed CBP internal control over financial reporting. The management letter discusses 19 observations for management's consideration identified during CBP's FY 2011 consolidated financial statements audit. These observations were discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies.

These issues were determined to be below the level of a significant deficiency. Significant deficiencies were presented in our *Independent Auditors' Report*, dated January 27, 2012.

(OIG-12-69, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-69_Mar12.pdf

INVESTIGATIONS

CBP Officer Assists Marijuana Smugglers

We investigated CBP Officer Manuel Salazar, an 8-year veteran who was assigned to the Pharr, Texas, Port of Entry (POE). Our investigation proved that Salazar allowed vehicles laden with approximately 1,700 pounds of marijuana through his inspection lane in exchange for approximately \$10,000 in bribes. During the course of our investigation, Salazar denied that he was paid

any money and participating in illegal activity. Salazar was subsequently convicted of providing materially false statements to investigators and accepting bribes. He was sentenced to 24 months of probation.

CBP Officer Acts as a Lookout for Drug Transport

Authorities investigating the murder of a narcotics trafficker in Stockholm, New York, discovered that the trafficker had an association with a veteran CBP Officer. We investigated further, leading to an interview of the CBP Officer. When questioned by our investigators, the CBP Officer admitted to acting as a “lookout” for the trafficker during the transport of marijuana from northern New York to Cleveland, Ohio. He also admitted that he transported the proceeds of marijuana sales back to New York. In exchange for his services, he was paid \$15,000 by the trafficker. He pleaded guilty to distributing and possessing narcotics, resigned from CBP, and was sentenced to serve 36 months of probation.

CBP Officer Conspired With Transnational Drug Traffickers

We developed information that CBP Officer Devon Samuels was using his position at the Hartsfield-Jackson International Airport, Atlanta, Georgia, in support an international drug trafficking organization through a network of mostly Jamaican nationals in at least four states. Samuels was born in Jamaica and had been employed as a CBP Officer since 2003. We initiated a multiagency Organized Crime Drug Enforcement Task Force investigation that ultimately led to the dismantling of the entire trafficking organization and the arrest of multiple offenders, including Samuels.

Our investigation revealed that, on at least 19 separate occasions, Samuels bypassed airport security using his airport security badge in order to smuggle money and weapons for the organization. He was convicted and sentenced to serve 96 months of incarceration for money laundering, bulk cash smuggling, entering an aircraft area in violation of security procedures, carrying a weapon on an aircraft, fraud and related activity

in connection with computers, and conspiracy to commit marriage fraud.

CBP Officer Convicted in Alien Smuggling Scheme

We investigated CBP Officer Ricardo Cordero, El Paso, Texas, a 12-year veteran officer, for smuggling undocumented aliens (UDAs) into the United States. After his arrest, Cordero admitted that he had assisted a smuggler to bring 30 UDAs into the United States from Mexico after the smuggler testified on Cordero’s behalf during a divorce trial in 2006. Cordero also admitted that, in addition to assisting with the smuggler, he allowed 15 additional UDAs into the United States on his own and without the knowledge of the smuggler. Cordero explained that he allowed the additional UDAs because of his “soft spot for humanitarian needs.” Cordero was paid a fee of \$5,000 to facilitate the illegal crossings. At his sentencing, Cordero was ordered incarcerated for 27 months and to a term of 36 months of supervised release.

CBP Officer Pleaded Guilty to Visa Fraud

CBP Officer Tori Ferrari, Detroit, Michigan, pleaded guilty to falsely altering an immigration document. Our investigation determined that Ferrari, fraudulently changed the status of an Iranian national by altering an F-1 visa into an F-2 visa. The 9-year veteran CBP officer was sentenced to serve 24 months of supervised probation for fraud and misuse of visas.

Border Patrol Agent Convicted of Trafficking Narcotics

Our joint investigation with the Drug Enforcement Administration resulted in the arrest and conviction of U.S. Border Patrol Agent (BPA) Michael Atondo, Wellton, Arizona, for possessing marijuana with the intent to distribute. Our investigation determined that Atondo used his government patrol vehicle to bypass Border Patrol traffic checkpoints on behalf of drug traffickers, which resulted in the smuggling of more than 100 kilograms of marijuana. Atondo was found guilty of Conspiracy to Import Marijuana, Conspiracy to Possess with Intent to Distribute, and Possession with Intent to Distribute Marijuana. Atondo was terminated from employment and is awaiting sentencing.

Border Patrol Agent Pleads Guilty to Wire and Tax Fraud

We investigated a BPA who was involved in a tax and mortgage loan scheme. Our investigation determined that he purchased two homes by submitting false loan applications that contained grossly inflated income statements. The subject then allowed the homes to go into foreclosure, resulting in a loss to two financial institutions of approximately \$400,000. He later prepared and submitted false income tax returns that claimed the foreclosures as a loss. He pleaded guilty to one count of Wire Fraud and one count of Tax Fraud.

Mexican National Pleads Guilty to Bribery

Our joint investigation with ICE Office of Professional Responsibility (OPR) resulted in a guilty plea by Gabriela Quintana-Hernandez, Chihuahua, Mexico, a member of the public. Quintana-Hernandez pleaded guilty in U.S. District Court, Las Cruces, New Mexico, to Bribery of a Public Official after she attempted to bribe her way out of custody after having been caught attempting to cross the Columbus, New Mexico, POE with false immigration documents. She awaits sentencing.

UNITED STATES IMMIGRATION AND CUSTOMS ENFORCEMENT

MANAGEMENT REPORTS

Information Technology Management Letter for the Immigration and Customs Enforcement Component of the FY 2011 DHS Financial Statement Audit

We contracted with independent public accounting firm KPMG LLP to perform an audit of the DHS consolidated balance sheet as of September 30, 2011, and the related statement of custodial activity. KPMG LLP performed an evaluation of IT general control at ICE. As part of this review, KPMG LLP noted certain matters involving internal control and other operational matters with respect to IT 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 LLP noted that ICE took corrective action to address many prior years' IT control weaknesses. However, during FY 2011, KPMG LLP continued to find IT general control weaknesses at ICE. The most significant weaknesses from a financial statement audit perspective related to controls over the Federal Financial Management System 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 are 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 LLP considers them to collectively represent a material weakness under standards established by AICPA.

(OIG-12-50, March 2012, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-50_Mar12.pdf

U.S. Immigration and Customs Enforcement's Management Letter for FY 2011 DHS

Consolidated Financial Statements Audit

KPMG LLP, under contract with DHS OIG, reviewed ICE's internal control over financial reporting. The management letter discusses 16 observations for management's consideration identified during the FY 2011 financial statement audit. These observations were discussed with the appropriate members of management and are intended to improve internal control or result in other operating efficiencies. These issues did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2011 Financial Statements and Internal Control over Financial Reporting*, dated November 11, 2011, included in the *Department of Homeland Security FY 2011 Annual Financial Report*.

(OIG-12-51, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-51_Mar12.pdf

Operations of United States Immigration and Customs Enforcement's Secure Communities

In response to a request from Representative Zoe Lofgren, we initiated two reviews of Secure Communities. We performed this audit to determine if Secure Communities was effective in identifying criminal aliens and if ICE appropriately prioritized cases for removal action. We determined that Secure Communities was effective in identifying criminal aliens and, in most cases, ICE officers took enforcement actions according to agency enforcement policy. In addition, Secure Communities' use of Automated Biometric Identification System (IDENT)/Integrated Automated Fingerprint Identification System (IAFIS) Interoperability was implemented at little or no additional cost to local law enforcement jurisdictions. However, field offices duplicated the research associated with their detention, and officers did not always sufficiently document their enforcement actions. We made two recommendations to improve the agency's overall management of Secure Communities. ICE concurred with the recommendations.

We recommended that ICE: (1) develop procedures to eliminate duplication in the identification process. If necessary, develop short-term and long-term procedures; and (2) develop procedures and system controls to ensure that officers complete all records for individuals identified through Secure Communities. ICE concurred with the recommendations.

(OIG-12-64, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-64_Mar12.pdf

Communication Regarding Participation in Secure Communities

Representative Zoe Lofgren requested that we conduct an investigation to determine whether false and misleading statements were made during the deployment of Secure Communities' use of IDENT/IAFIS Interoperability. We did not find evidence that ICE intentionally misled the public or states and local jurisdictions during implementation of Secure Communities. However, ICE did not clearly communicate to stakeholders the intent of Secure Communities and their expected participation. ICE senior leadership also missed

opportunities to provide clear direction to its officials implementing Secure Communities. As a result, 3 years after implementation began, Secure Communities continues to face opposition, criticism, and resistance in some locations.

Our report included three recommendations for ICE: (1) immediately compose and release thorough guidance and criteria that specifically outline the intent and expectations of Secure Communities; (2) coordinate with DHS to establish protocols to ensure the Department and ICE senior leadership provide the necessary direction, guidance, oversight, and support for the intent and implementation of new immigration enforcement programs; and (3) generate a lessons learned document and plan for the Department to use when guiding future immigration and enforcement program development and implementation. ICE concurred with the three recommendations. (OIG-12-66, March 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-66_Mar12.pdf

INVESTIGATIONS

ICE Supervisory Special Agent Pleads Guilty to Theft of Government Property

Our investigation of ICE HSI Supervisory Special Agent Steven Kucan determined that he was stealing government-owned equipment, including printer cartridges, flashlights, law enforcement equipment, and portable radios, which he would then sell on eBay. A search warrant of his residence recovered numerous pieces of stolen government equipment. Kucan admitted that he started stealing government property in 2003. Kucan estimated the value of the property he had stolen at between \$30,000 and \$70,000. Kucan pleaded guilty to the thefts, resigned his position, and is awaiting sentencing.

ICE Supervisor Pleads Guilty to Theft of Public Money and Unauthorized Travel

With the ICE, OPR, we jointly investigated Supervisory Intelligence Research Specialist Ahmed Abdallat, who improperly used his government-issued credit card and submitted fraudulent travel vouchers for 13 domestic trips that totaled over \$116,000. Abdallat also used

his diplomatic passport on at least six occasions for personal foreign travel. He pleaded guilty to the misuse of a diplomatic passport and to nine counts related to the conversion of public money for personal use. He was sentenced to 145 months and 1 day of incarceration and 36 months of supervised release. In addition, Abdallat was ordered to pay restitution in the amount of \$116,392.

Mexican National Sentenced to 46 Months Incarceration for Drug Smuggling

Our joint investigation with ICE, HSI in San Diego, California, resulted in the arrest and conviction of a Mexican national. The investigation originally centered on information which indicated that an unidentified CBP Officer was helping a drug trafficking organization smuggle narcotics into the United States through the San Ysidro, California, POE. Our efforts resulted in a Mexican national being caught at the port with 23.12 kg of methamphetamine hidden in a spare tire. He was sentenced to 46 months incarceration and 60 months of supervised release. Thus far, no DHS employees have been identified as conspirators in this smuggling operation.

MULTIPLE COMPONENTS

MANAGEMENT REPORTS

DHS Contracts Awarded Through Other Than Full and Open Competition During Fiscal Year 2011

The Department obligated about \$929 million during FY 2011 for contracts awarded noncompetitively, or through other than full and open competition. Congress has previously required us to review the Department's noncompetitive contracts awarded during fiscal years 2008, 2009, 2010, and again in FY 2011. We concluded that, over the last 3 years, the Department generally improved acquisition management oversight of documentation for justification and approval and market research to support noncompetitive contracting decisions. However, we found that not all contract files contained documentation and

support for acquisition planning and consideration of contractor past performance. As a result, the Department cannot be assured that it received the best possible value on goods and services acquired through these contracts or that acquisition personnel awarded government contracts to eligible and qualified vendors.

We made two recommendations that the Department can take to improve acquisition management: (1) increase acquisition management oversight to ensure that DHS acquisition personnel are following policies for placing evidence of advance acquisition plans in the contract file, and (2) increase acquisition management oversight to ensure acquisition personnel place evidence in the contract files that they checked the Federal Awardee and Integrity Information System as required by the Federal Acquisition Regulation. The Department concurred with both recommendations.

(OIG-12-37, January 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/OIG_12-37_Jan12.pdf

Information Sharing on Foreign Nationals: Border Security

DHS has implemented numerous programs to screen foreign nationals who seek entry into the U.S. ports of entry, as well as people who attempt illegal entry through land and maritime borders. We reviewed the quality of the shared information and the timeliness of the sharing among DHS operational components that support border security operations. We identified agency best practices for multilateral support, and some of the challenges agencies face managing the foreign national caseload. We determined that fragmented data systems remain a challenge for DHS officers who conduct in-depth evaluations of foreign nationals at ports of entry. Continued limitations in infrastructure, coordination challenges, and access to multiple data systems can hinder information sharing efforts. We are making eight recommendations to the Department to enhance overall effectiveness. DHS components concurred with five of the recommendations.

(OIG-12-39, February 2012, ISP)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIGr_12-39_Feb12.pdf

***Management Letter for the FY 2011 DHS
Financial Statements and Internal Control over
Financial Reporting Audit***

KPMG LLP, under contract with DHS OIG, conducted an audit of the Department's FY 2011 consolidated financial statements and an examination of internal control over financial reporting. KPMG LLP expressed a qualified opinion on the financial statements, but was unable to form an opinion on DHS' internal control over financial reporting for FY 2011. KPMG LLP noted certain matters involving internal control and other operational matters that resulted in 93 financial management comments and 176 recommendations. These comments, all of which were discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies. These comments are in addition to the significant deficiencies presented in our *Independent Auditors' Report*, dated November 11, 2011, included in the *FY 2011 Department of Homeland Security Annual Financial Report*.

(OIG-12-42, February 2012, OA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIG_12-42_Feb12.pdf

***Technical Security Evaluation of DHS
Components at O'Hare Airport***

We evaluated DHS and its organizational

components' security programs at Chicago O'Hare International Airport. Specifically, we addressed how CBP, ICE, and TSA had implemented computer security operational, technical, and management 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. CBP concurred with its seven recommendations. TSA concurred with its four recommendations. ICE concurred with one recommendation and non-concurred with three recommendations. We also agreed to close one of the recommendations for which ICE non-concurred.

(OIG-12-45, March 2012, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2012/OIGr_12-45_Mar12.pdf

OTHER OFFICE OF INSPECTOR GENERAL ACTIVITIES



OVERSIGHT OF NONDEPARTMENTAL AUDITS

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

We will monitor and identify improvements to DHS’ policies and procedures governing its grants management programs. We will 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.

SUMMARY OF SIGNIFICANT REPORTS UNRESOLVED OVER 6 MONTHS

Timely resolution of outstanding audit recommendations continues to be a priority for both our office and the Department. As of this report date, we are responsible for monitoring 174 reports containing 628 recommendations that have been unresolved for more than 6 months.

72	FEMA-related financial assistance disaster audits
102	Program management reports
174	Total

LEGISLATIVE AND REGULATORY REVIEWS



Section 4(2) of the *Inspector General Act* requires the Inspector General to review existing and proposed legislation and regulations relating to DHS programs and operations and to make recommendations about their impact. Our comments and recommendations focus on the effect of the proposed legislation and regulations on economy and efficiency in administering DHS programs and operations or on the prevention and detection of fraud, waste, and abuse in DHS programs and operations. We also participate on the Council of the Inspectors General on Integrity and Efficiency, which provides a mechanism to comment on existing and proposed legislation and regulations that have government-wide impact.

During this reporting period, we reviewed more than 100 legislative and regulatory proposals, draft DHS policy directives, and other items. One of these items is summarized below.

DHS Environmental Justice Annual Implementation Progress Report

DHS OIG was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act* of 1978.

Under the law, we perform audits and inspections, and prepare semiannual reports as part of our oversight responsibilities. Per the Memorandum of Understanding on Environmental Justice and Executive Order 12898, we have implemented environmental justice activities contemplated by the reporting requirement in the following areas:

Our Office of Investigations participated with DHS Office for Civil Rights and Civil Liberties and ICE in implementing Executive Order 13166, by *Improving Access to Services for Persons with Limited English Proficiency*, for DHS detainees. For example, we retain investigators with a set of foreign language capabilities, including Spanish and Portuguese.

Further, our Office of Investigations continued individual criminal investigations and task force participation as part of their ongoing efforts to uncover and deter violations of minority civil rights.

We remain committed to supporting the Department's goals while strengthening our commitment to justice for minority and low-income populations.

CONGRESSIONAL TESTIMONY AND BRIEFINGS



The Acting Inspector General testified before congressional committees six times during this time period. Testimony prepared for these hearings may be accessed on our website at www.dhs.gov/voig.

We testified at the following hearings:

- November 3, 2011 – House Committee on Homeland Security, Subcommittee on Transportation Security at a hearing entitled, “TSA Reform: Exploring Innovations in Technology Procurement to Stimulate Job Growth, Part III.”
- December 8, 2011 – House Committee on Homeland Security, Subcommittee on Transportation Security at a hearing entitled, “A Review of Passenger Screening Technology at U.S. Airports.”
- February 15, 2012 – House Committee on the Judiciary, Subcommittee on Immigration Policy and Enforcement at a hearing entitled, “Safeguarding the Integrity of the Immigration Benefits Adjudication Process.”
- February 16, 2012 – House Committee on Homeland Security, Subcommittee on Transportation Security at a hearing entitled, “Last Line of Defense: the Federal Air Marshal Service 10 Years After 9/11.”
- March 1, 2012 – House Committee on Homeland Security, Subcommittee on Oversight, Investigations, and Management at a hearing entitled, “Building One DHS: Why Can’t Management Information be Integrated?”
- March 8, 2012 – House Committee on Homeland Security, Subcommittee on Oversight, Investigations, and Management at a hearing entitled, “Eliminating Waste, Fraud, Abuse, and Duplication in the Department of Homeland Security.”

In addition to the Acting Inspector General’s testimony, the Assistant Inspectors General presented testimony to Congress four times during this time period:

- October 13, 2011 – Assistant Inspector General for Emergency Management Oversight before the House Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings and Emergency Management at a hearing entitled, “Streamlining

Emergency Management: Improving Preparedness, Response, and Cutting Costs.”

- October 20, 2011 – Assistant Inspector General for Emergency Management Oversight before the Senate Homeland Security and Governmental Affairs Committee, Ad Hoc Subcommittee on Disaster Recovery and Intergovernmental Affairs at a hearing entitled, “Accountability at FEMA: Is Quality Job #1?”
- October 27, 2011 – Deputy Assistant Inspector General for Audits before the House Committee on Oversight and Government Reform, Subcommittee on Government Organization, Efficiency and Financial Management at a hearing entitled, “Internal Control Weaknesses at the Department of Homeland Security.”
- March 20, 2012 – Assistant Inspector General for Audits before the House Committee on Homeland Security, Subcommittee on Emergency Preparedness, Response, and Communications at a hearing entitled, “Ensuring the Transparency, Efficiency, and Effectiveness of Homeland Security Grants.”

We briefed congressional members and their staffs at a steady pace throughout the reporting period. Our office conducted over 25 briefings for congressional staff on the results of our work, including: (1) DHS’ Efforts To Coordinate and Enhance Its Support and Information Sharing With Fusion Centers (OIG-12-10); (2) The Effects of USCIS Adjudication Procedures and Policies on Fraud Detection by Immigration Services Officers (OIG-12-24); (3) CBP’s Management Controls over Bonded Facilities (OIG-12-25); (4) Allegations of Misconduct and Illegal Discrimination and Retaliation in the Federal Air Marshal Service (OIG-12-28); and (5) TSA Penetration Testing of Advanced Imaging Technology (OIG-12-06). We attended meetings to discuss other congressional concerns including a request to review DHS role in the so-called “Fast and Furious” gunwalking operation, concerns about the TSA’s Screening Passengers by Observation Techniques program, and FEMA’s HMGP.

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

APPENDIXES



Appendix 1

Audit Reports With Questioned Costs

Report Category	Number	Questioned Costs	Unsupported Costs
A. Reports pending management decision at the start of the reporting period	153	\$1,118,592,917	\$116,266,699
B. Reports issued/processed during the reporting period with questioned costs	25	\$38,444,033	\$16,922,011
Total Reports (A+B)	178	\$1,157,036,950	\$133,188,710
C. Reports for which a management decision was made during the reporting period (a)	51	\$119,627,117	\$59,347,223
(1) Disallowed costs	27	\$23,113,703	\$1,155,236
(2) Accepted costs	26	\$96,513,414	\$58,191,987
D. Reports put into appeal status during period	0	\$0	\$0
E. Reports pending a management decision at the end of the reporting period	127	\$1,037,409,833	\$73,841,487
F. Reports for which no management decision was made within 6 months of issuance	102	\$998,965,800	\$56,919,476

Notes and Explanations:

(a) Report totals in Section C may not always equal the total in lines C (1) and C (2) because some reports contain both allowed and disallowed costs. In addition, resolution may result in values different from the original recommendations.

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

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

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

Unsupported Costs – Costs not supported by adequate documentation.

Appendix 1b

Audit Reports With Funds Put to Better Use

Report Category	Number	Amount
A. Reports pending management decision at the start of the reporting period	40	\$76,816,636
B. Reports issued during the reporting period	8	\$29,095,034
Total Reports (A+B)	48	\$105,911,670
C. Reports for which a management decision was made during the reporting period (a)	18	\$34,478,134
(1) Value of recommendations agreed to by management for deobligation	24	\$34,478,134
(2) Value of recommendations not agreed to by management	0	\$0
D. Reports put into the appeal status during the reporting period	0	\$0
E. Reports pending a management decision at the end of the reporting period	30	\$71,433,536
F. Reports for which no management decision was made within 6 months of issuance	22	\$42,338,502

Notes and Explanations:

(a) Report totals in Section C may not always equal the total in lines C (1) and C (2) because some reports contain both allowed and disallowed costs. In addition, resolution may result in values different from the original recommendations.

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

Appendix 2**Compliance – Resolution of Reports and Recommendations**

MANAGEMENT DECISION IS PENDING	
9/30/11	
Reports open and unresolved more than 6 months	173
Recommendations open and unresolved more than 6 months	691
3/31/12	
Reports open and unresolved more than 6 months	174
Recommendations open and unresolved more than 6 months	628
CURRENT INVENTORY	
Open reports at the beginning of the period	364
Reports issued this period	97
Reports closed this period	101
Open reports at the end of the period	360
ACTIVE RECOMMENDATIONS	
Open recommendations at the beginning of the period	1,663
Recommendations issued this period	416
Recommendations closed this period	435
Open recommendations at the end of the period	1,644

Appendix 3

Management Reports Issued

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
1. OIG-12-01	10/11	National Level Exercise 2011 - Federal Partner Participation	\$0	\$0	\$0
2. OIG-12-02	10/11	Additional Department Oversight Can Improve DHS' Intelligence Systems Security Program (Unclassified Summary)	\$0	\$0	\$0
3. OIG-12-03	11/11	The State of Louisiana's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009	\$0	\$0	\$0
4. OIG-12-04	11/11	The State of Colorado's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009	\$0	\$0	\$0
5. OIG-12-05	11/11	U.S. Customs and Border Protection's Management of the Purchase and Storage of Steel in Support of the Secure Border Initiative	\$0	\$0	\$0
6. OIG-12-06	11/11	Transportation Security Administration Penetration Testing of Advanced Imaging Technology (Unclassified Summary)	\$0	\$0	\$0
7. OIG-12-07	11/11	Independent Auditors' Report on DHS' FY 2011 Financial Statements and Internal Control over Financial Reporting	\$0	\$0	\$0
8. OIG-12-08	11/11	Major Management Challenges Facing the Department of Homeland Security	\$0	\$0	\$0
9. OIG-12-09	11/11	Use of <i>American Recovery and Reinvestment Act</i> Funds by the U.S. Coast Guard for the Alteration of Bridges Program	\$0	\$0	\$0
10. OIG-12-10	11/11	DHS' Efforts to Coordinate and Enhance Its Support and Information Sharing with Fusion Centers	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
11. OIG-12-11	11/11	The State of Oklahoma's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2006 through 2008	\$0	\$0	\$0
12. OIG-12-12	11/11	U.S. Citizenship and Immigration Services' Progress in Transformation	\$0	\$0	\$0
13. OIG-12-13	11/11	The State of Florida's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009	\$0	\$0	\$0
14. OIG-12-14	11/11	The State of Minnesota's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009	\$0	\$0	\$0
15. OIG-12-15	12/11	Relationships Between Fusion Centers and Emergency Operations Centers	\$0	\$0	\$0
16. OIG-12-16	12/11	The State of Montana's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2007 through 2009	\$938,601	\$938,601	\$0
17. OIG-12-17	12/11	The State of Ohio's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009	\$0	\$0	\$0
18. OIG-12-18	12/11	FEMA's Process for Tracking Public Assistance Insurance Requirements	\$0	\$0	\$0
19. OIG-12-19	12/11	Homeland Security Grant Program Funds Awarded for Project Shield	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
20. OIG-12-20	12/11	Future Directions of FEMA's Temporary Housing Assistance Program	\$0	\$0	\$0
21. OIG-12-21	12/11	The Preparedness Directorate's Anti-Deficiency Act Violations for Fiscal Year 2006 Shared Service Administrative Assessments	\$0	\$0	\$0
22. OIG-12-22	12/11	Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2011	\$0	\$0	\$0
23. OIG-12-23	1/12	Fire Station Construction Grants Funded by the <i>American Recovery and Reinvestment Act of 2009</i>	\$0	\$0	\$0
24. OIG-12-24	1/12	The Effects of USCIS Adjudication Procedures and Policies on Fraud Detection by Immigration Services Officers	\$0	\$0	\$0
25. OIG-12-25	1/12	CBP's Management Controls over Bonded Facilities	\$0	\$0	\$0
26. OIG-12-26	1/12	Transportation Security Administration Covert Testing of Access Controls to Secured Airport Areas	\$0	\$0	\$0
27. OIG-12-27	1/12	The State of Washington's Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009	\$0	\$0	\$0
28. OIG-12-28	1/12	Allegations of Misconduct and Illegal Discrimination and Retaliation in the Federal Air Marshal Service	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
29. OIG-12-29	1/12	The U.S. Virgin Islands Management of State Homeland Security Program Grants Awarded During Fiscal Years 2007 through 2009	\$3,329,145	\$2,655,728	\$0
30. OIG-12-30	1/12	Efforts to Expedite Disaster Recovery in Louisiana	\$0	\$0	\$0
31. OIG-12-31	1/12	Independent Review of the U.S. Coast Guard's Reporting of FY 2011 Drug Control Obligations	\$0	\$0	\$0
32. OIG-12-32	1/12	Independent Review of the U.S. Coast Guard's Reporting of FY 2011 Drug Control Performance Summary Report	\$0	\$0	\$0
33. OIG-12-33	1/12	Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2011 Drug Control Obligations	\$0	\$0	\$0
34. OIG-12-34	1/12	Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2011 Drug Control Performance Summary Report	\$0	\$0	\$0
35. OIG-12-35	1/12	Independent Review of the U.S. Customs and Border Protection's Reporting of FY 2011 Drug Control Obligations	\$0	\$0	\$0
36. OIG-12-36	1/12	Independent Review of the U.S. Customs and Border Protection's Reporting of FY 2011 Drug Control Performance Summary Report	\$0	\$0	\$0
37. OIG-12-37	1/12	DHS Contracts Awarded Through Other Than Full and Open Competition During Fiscal Year 2011	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
38. OIG-12-38	2/12	Transportation Security Administration's Use of Backscatter Units	\$0	\$0	\$0
39. OIG -12-39	2/12	Information Sharing on Foreign Nationals: Border Security (Redacted)	\$0	\$0	\$0
40. OIG-12-40	2/12	Review of Costs Invoiced by the City of San Jose Relating to the Terminal B Checked Baggage Screening Project at the Norman Y. Mineta San Jose International Airport Under Other Transaction Agreement Number HSTS04-09-H-REC161	\$254,092	\$254,092	\$0
41. OIG-12-41	2/12	Review of Costs Invoiced by Jackson Hole Airport Board Relating to Jackson Hole Airport Checked Baggage Screening Project Under Other Transaction Agreement Number HSTS04-09-H-REC125 Awarded by the Transportation Security Administration	\$0	\$0	\$0
42. OIG-12-42	2/12	Management Letter for the FY 2011 DHS Financial Statements and Internal Control over Financial Reporting Audit	\$0	\$0	\$0
43. OIG-12-43	2/12	Inspection of FEMA's Regional Offices – Region IX	\$0	\$0	\$0
44. OIG-12-44	3/12	Review of Costs Invoiced by the City of San Antonio Relating to the San Antonio International Airport Terminal B Checked Baggage Screening Project Under Other Transaction Agreement Number HSTS04-09-H-REC168 Awarded by the Transportation Security Administration	\$0	\$0	\$0
45. OIG-12-45	3/12	Technical Security Evaluation of DHS Components at O'Hare Airport (Redacted)	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
46. OIG-12-46	3/12	Federal Emergency Management Agency's Management Letter for FY 2011 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
47. OIG-12-47	3/12	Information Technology Management Letter for the Transportation Security Administration Component of the FY 2011 DHS Financial Statement Audit	\$0	\$0	\$0
48. OIG-12-48	3/12	Department of Homeland Security's Compliance with the <i>Improper Payments Elimination and Recovery Act</i> of 2010	\$0	\$0	\$0
49. OIG-12-49	3/12	IT Matters Related to the United States Coast Guard Component of the FY 2011 DHS Financial Statement Audit	\$0	\$0	\$0
50. OIG-12-50	3/12	Information Technology Management Letter for the Immigration and Customs Enforcement Component of the FY 2011 DHS Financial Statement Audit	\$0	\$0	\$0
51. OIG-12-51	3/12	U.S. Immigration and Customs Enforcement's Management Letter for FY 2011 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
52. OIG-12-52	3/12	National Protection and Programs Directorate's Management Letter for FY 2011 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
53. OIG-12-53	3/12	Transportation Security Administration's Management Letter for FY 2011 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
54. OIG-12-54	3/12	U.S. Citizenship and Immigration Services' Management Letter for FY 2011 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
55. OIG-12-55	3/12	Federal Law Enforcement Training Center's Management Letter for FY 2011 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
56. OIG-12-56	3/12	Information Technology Management Letter for the U.S. Citizenship and Immigration Services Component of the FY 2011 DHS Financial Statement Audit	\$0	\$0	\$0
57. OIG-12-57	3/12	The Office of Financial Management's Management Letter for FY 2011 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
58. OIG-12-58	3/12	U.S. Coast Guard's Management Letter for FY 2011 DHS Consolidated Financial Statements Audit	\$0	\$0	\$0
59. OIG-12-59	3/12	Science and Technology Directorate's Management Letter for FY 2011 DHS Consolidated Financial Statement Audit	\$0	\$0	\$0
60. OIG-12-60	3/12	Review of Costs Invoiced by the City of Atlanta, Georgia, Relating to the Maynard H. Jackson, Jr. International Terminal Checked Baggage Screening Project Under Other Transactional Agreement Number HST04-09-H-REC154 Awarded by the Transportation Security Administration	\$1,354,740	\$1,354,740	\$0
61. OIG-12-61	3/12	The State of Arizona's Management of Urban Areas Security Initiative Grants Awarded During Fiscal Years 2007 through 2009	\$0	\$0	\$0
62. OIG-12-62	3/12	FEMA's Efforts to Recoup Improper Payments in Accordance With the <i>Disaster Assistance Recoupment Fairness Act of 2011</i>	\$0	\$0	\$0

Appendix 3

Management Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
63. OIG-12-63	3/12	United States Customs and Border Protection's Management of the <i>Federal Employees' Compensation Act</i> Program	\$0	\$0	\$0
64. OIG-12-64 ^(a)	3/12	Operations of United States Immigration and Customs Enforcement's Secure Communities (Revised)	\$0	\$0	\$0
65. OIG-12-65	3/12	Independent Auditors' Report on U.S. Customs and Border Protection's FY 2011 Financial Statements	\$0	\$0	\$0
66. OIG-12-66	3/12	Communication Regarding Participation in Secure Communities	\$0	\$0	\$0
67. OIG-12-67	3/12	FPS' Exercise of a Contract Option for the Risk Assessment and Management Program	\$0	\$0	\$0
68. OIG-12-68	3/12	U.S. Coast Guard's Acquisition of the Sentinel Class – Fast Response Cutter	\$0	\$0	\$0
69. OIG-12-69	3/12	Management Letter for U.S. Customs and Border Protection's FY 2011 Consolidated Financial Statements	\$0	\$0	\$0
Total, Appendix 3			\$5,876,578	\$5,203,161	\$0

Notes and Explanations:

Report Number Acronyms:

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

^(a) OIG-12-64 was reissued as a revised report on April 5, 2012.

Appendix 4

Financial Assistance Grant Reports Issued

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
1. DA-12-01	11/11	FEMA Hazard Mitigation Grant Funds Awarded to Rebuild Northwest Florida, Pensacola, Florida	\$658,650	\$0	\$0
2. DA-12-02	12/11	FEMA Public Assistant Grant Funds Awarded to Long Beach School District, Long Beach, Mississippi	\$1,072,407	\$632,457	\$0
3. DA-12-03	12/11	FEMA's Implementation of the Mississippi Secondary Programmatic Agreement under Hurricane Katrina	\$0	\$0	\$0
4. DA-12-04	1/12	FEMA Public Assistance Grant Funds Awarded to City of Miami Beach, Florida - Hurricane Wilma	\$154,922	\$70,068	\$0
5. DA-12-05	1/12	FEMA Public Assistance Grant Funds Awarded to City of Miami Beach, Florida - Hurricane Katrina	\$39,887	\$37,791	\$0
6. DA-12-06	2/12	FEMA Public Assistance Grant Funds Awarded to Puerto Rico Highway and Transportation Authority - Tropical Storm Jeanne	\$44,886	\$0	\$0
7. DA-12-07	2/12	FEMA Public Assistance Grant Funds Awarded to Puerto Rico Highway and Transportation Authority – Flood Events of October 2005	\$47,222	\$4,175	\$48,255
8. DA-12-08	2/12	FEMA Public Assistance Grant Funds Awarded to the Kentucky National Guard	\$351,388	\$318,100	\$0
9. DA-12-09	2/12	FEMA Public Assistance Grant Funds Awarded to City of Orlando, FL - Hurricane Frances	\$0	\$0	\$0

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

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
10. DA-12-10	2/12	FEMA Public Assistance Grant Funds Awarded to City of Orlando, FL - Hurricane Charley	\$728,147	\$0	\$0
11. DA-12-11	2/12	FEMA Public Assistance Grant Funds Awarded to City of Orlando, Florida - Hurricane Jeanne	\$46,756	\$0	\$0
12. DA-12-12	3/12	FEMA Public Assistance Grant Funds Awarded to Massachusetts Department of Conservation & Recreation	\$267,999	\$193,491	\$0
13. DA-12-13	3/12	FEMA Public Assistance Grant Funds Awarded to Harrison County Library System, Gulfport, Mississippi	\$2,554,460	\$0	\$2,107,836
14. DA-12-14	3/12	FEMA Public Assistance Grant Funds Awarded to City of Virginia Beach, Virginia	\$131,285	\$70,363	\$0
15. DD-12-01	11/11	FEMA Public Assistance Grant Funds Awarded to Grand River Dam Authority, Vinita, Oklahoma	\$3,409	\$0	\$0
16. DD-12-02	11/11	FEMA Public Assistance Grant Funds Awarded to Prairie Land Electric Cooperative, Inc., Norton, Kansas	\$100,080	\$0	\$0
17. DD-12-03	11/11	FEMA Hazard Mitigation Grant Program Funds Awarded to Panhandle Regional Planning Commission, Amarillo, Texas	\$0	\$0	\$0
18. DD-12-04	11/11	FEMA Public Assistance Grant Funds Awarded to Cameron Parish School Board, Louisiana	\$1,000,000	\$0	\$0
19. DD-12-05	2/12	FEMA Public Assistance Funds Awarded to Middle School Advocates Inc., New Orleans, Louisiana	\$0	\$0	\$12,968,768

Appendix 4

Financial Assistance Grant Reports Issued (continued)

Report Number	Date Issued	Report Title	Questioned Costs	Unsupported Costs	Funds Put to Better Use
20. DD-12-06	2/12	FEMA Public Assistance Grant Funds Awarded to St. Charles Parish, Louisiana	\$8,917,221	\$8,155,230	\$0
21. DS-12-01	12/11	FEMA Public Assistance Grant Funds Awarded to Town of Fairfax, California	\$451,619	\$0	\$155,250
22. DS-12-02	12/11	FEMA Public Assistance Grant Funds Awarded to Marin Municipal Water District, California	\$6,548	\$0	\$270,200
23. DS-12-03	2/12	FEMA Public Assistance Grant Funds Awarded to Paso Robles Joint Unified School District, California	\$9,829,759	\$1,500	\$0
24. DS-12-04	3/12	FEMA Public Assistance Grant Funds Awarded to Napa County, California	\$150,028	\$0	\$661,103
25. DS-12-05	3/12	Interim Report on FEMA Public Assistance Grant Funds Awarded to the California Department of Parks and Recreation, Sacramento, California	\$0	\$0	\$831,319
26. DS-12-06	3/12	Interim Report on FEMA Public Assistance Grant Funds Awarded to Los Angeles County, California	\$0	\$0	\$12,052,303
27. DS-12-07	3/12	FEMA Public Assistance Grant Funds Awarded to City of Atascadero, California	\$6,010,782	\$2,235,675	\$0
28. DS-12-08	3/12	FEMA Public Assistance Grant Funds Awarded to Amador County, California	\$0	\$0	\$0
Total, Appendix 4			\$32,567,455	\$11,718,850	\$29,095,034

Report Number Acronyms:

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

Appendix 5

Schedule of Amounts Due and Recovered

Report Number	Date Issued	Auditee	Amount Due	Recovered Costs
1. DA-13-03	6/03	Harrison County, Mississippi	\$1,729,666	\$1,729,666
2. DA-15-03	6/03	Municipality of Utuado, Puerto Rico	\$863,254	\$863,254
3. DS-11-05	3/05	Audit of the City of Los Angeles – Department of Building and Safety	\$63,480	\$63,480
4. DD-06-06	1/06	Western Farmers Electric Cooperative, Anadarko, Oklahoma	\$3,367,434	\$1,783,780
5. DA-07-06	12/06	Interim Review of Hurricane Wilma Activities, City of Coral Gables, Florida	\$365,633	\$342,424
6. DA-FL-07-12	7/07	City of Pembroke Pines, Florida	\$3,062,516	\$3,062,516
7. DA-08-01	11/07	Audit of Hurricane Jeanne Activities, Hillsborough County, Florida	\$336,786	\$336,786
8. DS-08-04	7/08	San Bernardino County, California	\$151,173	\$122,235
9. DA-09-01	11/08	Hurricane Katrina and Wilma Activities for Miami-Dade County Parks and Recreation Department	\$717,234	\$717,234
10. DD-09-01	11/08	Louisiana Department of Agriculture and Forestry	\$858,338	\$352,683
11. DA-09-03	12/08	Hurricane Ivan, Dennis, and Katrina Activities for Baldwin County, Alabama	\$8,469,427	\$8,469,427
12. DA-09-10	2/09	Hurricane Ivan Activities for City of Gulf Shores, Alabama	\$8,753,592	\$8,753,592
13. DA-09-15	4/09	Hurricane Ivan Activities for Escambia County Sheriff's Office	\$2,136,710	\$2,136,710
14. DD-09-11	6/09	City of New Orleans Residential Solid Waste and Debris Removal	\$663,382	\$139,105
15. DD-09-17	9/09	City of New Orleans Community Correctional Center	\$2,300	\$2,300
16. DD-10-03	1/10	City of Albuquerque, New Mexico	\$571,423	\$9,121
17. DA-10-05	2/10	Municipality of Utuado, Puerto Rico	\$134,674	\$134,674
18. DA-10-07	2/10	South Carolina Public Service Authority	\$160,368	\$160,368
19. DA-10-09	2/10	Miami-Dade County Department of Parks and Recreation	\$1,876,075	\$1,876,075
20. DD-10-06	3/10	Town of Vinton, Louisiana	\$119,934	\$119,934
21. DD-10-08	3/10	Orleans Parish Criminal Sheriff's Office	\$2,472,053	\$1,648,114
22. DA-10-16	8/10	Mississippi Coast Coliseum Commission	\$518,658	\$30,000
23. DA-10-17	8/10	City of Greenville, South Carolina	\$64,422	\$62,258

Appendix 5

Schedule of Amounts Due and Recovered (continued)

Report Number	Date Issued	Auditee	Amount Due	Recovered Costs
24. DA-11-01	10/10	City of West Palm Beach, Florida	\$2,074,861	\$2,074,861
25. DD-11-03	12/10	Town of Franklinton, Louisiana	\$73,100	\$73,100
26. DS-11-02	12/10	City of Malibu, California	\$12,881	\$12,881
27. DA-11-08	2/11	Broward Sheriff's Office – Disaster Activities Related to Hurricane Wilma	\$42,757	\$42,757
28. DA-11-09	2/11	Broward Sherriff's Office – Disaster Activities Related to Hurricanes Frances and Katrina	\$19,670	\$19,670
29. DD-11-08	2/11	City of Slidell, Louisiana	\$71,320	\$58,246
30. DD-11-09	2/11	Tangipahoa Parish, Louisiana	\$43,457	\$38,957
31. DA-11-14	4/11	North Carolina Department of Transportation – Disaster Activities Related to Tropical Storm Frances	\$47,321	\$47,321
32. DD-11-13	4/11	City of Austin, Texas	\$623,722	\$623,722
33. DD-11-15	8/11	FEMA Public Assistance Grant Funds Awarded to St. Mary's County, New Orleans, Louisiana	\$1,523,507	\$1,523,507
34. DD-11-18	8/11	FEMA Public Assistance Grant Funds Awarded to Iowa Department of Transportation	\$36,330	\$36,330
35. DD-11-19	8/11	FEMA Public Assistance Grant Funds Awarded to Port of New Orleans, Louisiana	\$2,600,000	\$2,421,617
36. DD-11-21	9/11	FEMA Public Assistance Grant Funds Awarded to Jesuit High School, New Orleans, Louisiana	\$760,662	\$244,837
37. DD-12-04	11/11	FEMA Public Assistance Grant Funds Awarded to Cameron Parish School Board, Cameron, Louisiana	\$1,000,000	\$500,000
38. INV	10/11 through 3/12	Recoveries as a result of investigations	\$77,778	\$77,778
		Total, Appendix 5	\$46,465,898	\$40,711,320

Report Number Acronyms:

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

Appendix 6¹

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 October 1, 2011 – March 31, 2012	N/A	N/A	N/A

¹ The *National Defense Authorization Act for FY 2008* requires that we list all contract audit reports issued during the reporting period containing significant audit findings; briefly describe the significant audit findings in the report; and specify the amounts of costs identified in the report as unsupported, questioned, or disallowed. This act defines significant audit findings as unsupported, questioned, or disallowed costs in excess of \$10,000,000, or other findings that the Inspector General determines to be significant. It defines contracts as a contract, an order placed under a task or delivery order contract, or a subcontract.

Appendix 7

Peer Review Results

Section 989C of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, Pub.L.No. 111-203 (2010), 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 audit organization's system of quality controls are conducted on a 3-year cycle. These reviews are conducted according to the Council of Inspectors General on Integrity and Efficiency's *Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*, and are based on requirements established by the Government Accountability Office (GAO) 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* 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 on DHS OIG Audit Operations

DHS OIG audit offices received a peer review rating of "pass" resulting from a peer review conducted by the Department of Labor OIG for the fiscal year ending September 2008. One recommendation from that review remains open:

DHS OIG revised its Audit Manual to include the requirements of Generally Accepted Government Auditing Standards (GAGAS) paragraphs 7.57 and 7.59.

Overall Status: Resolved. DHS OIG's 2008 Audit Manual Addendum includes implementing policy and guidance related to GAGAS 7.57 and 7.59. We agreed to enhance our guidance in our next audit manual. Presently, we are revising our audit manual and incorporating additional guidance needed to comply with GAO's revised guidance issued in December 2011. We anticipate issuing a new audit manual by the fourth quarter of FY 2012.

The United States Postal Service (USPS) OIG is currently conducting a peer review of DHS OIG audit offices for the fiscal year ending September 2011. USPS OIG is scheduled to complete the review and issue the final peer review report to DHS OIG by June 2012.

Peer Review Conducted by DHS OIG on Other OIG Audit Operations

DHS OIG is currently conducting a peer review of the Department of Health and Human Services (HHS) OIG Office of Audit Services for the fiscal year ending September 2011. DHS OIG is scheduled to complete the review and issue the final peer review report to HHS OIG Office of Audit Services by July 2012.

Investigations

Peer Review Conducted on DHS OIG Investigative Operations

DHS OIG Office of Investigations received a peer review conducted by the Social Security Administration OIG for the fiscal year ending September 2009. We received a peer review rating of "in compliance." No recommendations were issued.

DHS OIG Office of Investigations is scheduled to receive a peer review by the Department of Defense OIG for the fiscal year ending September 2011. The review is to begin in the third quarter of fiscal year 2012.

Peer Review Conducted by DHS OIG on Other OIG Investigative Operations

DHS OIG Office of Investigations conducted a peer review of the U.S. Department of Agriculture (USDA) OIG for the fiscal year ending 2010. The USDA OIG received a peer review rating of "in compliance." No recommendations were issued.

Appendix 8

Acronyms

AGI	adjusted gross income
AICPA	American Institute of Certified Public Accountants
ANSI	American National Standards Institute
BPA	Border Patrol Agent
Cal EMA	California Emergency Management Agency
CBP	United States Customs and Border Protection
CLAIMS	Computer Linked Application Information Management System
DARFA	Disaster Assistance Recoupment Fairness Act
DHS	Department of Homeland Security
DOJ	Department of Justice
EMO	Office of Emergency Management Oversight
EOC	Emergency Operations Center
FAMS	Federal Air Marshal Service
FDEM	Florida Division of Emergency Management
FECA	<i>Federal Employees' Compensation Act</i>
FEMA	Federal Emergency Management Agency
FPS	Federal Protective Service
FY	fiscal year
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
GOHSEP	Governor's Office of Homeland Security and Emergency Preparedness
HHS	Department of Health and Human Services
HMGP	Hazard Mitigation Grant Program
HSI	Homeland Security Investigations
I&A	Office of Intelligence and Analysis
IAFIS	Integrated Automated Fingerprint Identification System
ICE	United States Immigration and Customs Enforcement
IDENT	Automated Biometric Identification System
INV	Office of Investigations
ISO	Immigration Services Officer
ISP	Office of Inspections

Appendix 8

Acronyms (continued)

IT	information technology
ITA	Office of Information Technology Audits
MEMA	Mississippi Emergency Management Agency
MDCR	Massachusetts Department of Conservation and Recreation
MSA	Middle School Advocates, Inc
NPPD	National Protection and Programs Directorate
OA	Office of Audits
OC	Office of Counsel to the Inspector General
OIG	Office of Inspector General
OLA	Office of Legislative Affairs
OM	Office of Management
OMB	Office of Management and Budget
ONDCP	Office of National Drug Control Policy
OPA	Office of Public Affairs
OPR	Office of Professional Responsibility
PA	Public Assistance
POE	port of entry
RAMP	Risk Assessment and Management Program
SLPO	State and Local Program Office
TSA	Transportation Security Administration
TSO	Transportation Security Officer
UDA	undocumented alien
U.S.	United States
USCG	United States Coast Guard
USCIS	United States Citizenship and Immigration Services
USDA	United States Department of Agriculture
USPS	United States Postal Service

Appendix 9

OIG Headquarters and Field Office Contacts and Locations

Department of Homeland Security

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

Telephone Number (202) 254-4100
Fax Number (202) 254-4285
Website Address www.oig.dhs.gov

OIG Headquarters Senior Management Team

Charles K. Edwards	Acting Inspector General
Yvonne Manino	Acting Chief of Staff
Dorothy Balaban	Special Assistant
Richard N. Reback	Counsel to the Inspector General
Anne L. Richards	Assistant Inspector General/Audits
D. Michael Beard	Assistant Inspector General/Emergency Management Oversight
James Gaughran	Acting Assistant Inspector General/Investigations
Carlton I. Mann	Assistant Inspector General/Inspections
Frank Deffer	Assistant Inspector General/Information Technology Audits
Louise McGlathery	Acting Assistant Inspector General/Management
Philip D. McDonald	Acting Director, Office of Legislative Affairs
Marta R. Metelko	Director, Office of Public Affairs

Appendix 9

OIG Headquarters and Field Office Contacts and Locations (continued)

Locations of Audits Field Offices

Boston, MA

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

Houston, TX

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

Chicago, IL

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

Miami, FL

Miramar, FL 33027
(954) 538-7840 / Fax (954) 602-1034

Denver, CO

Denver, CO 80225
(303) 236-2878 / Fax (303) 236-2880

Philadelphia, PA

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

Location of Information Technology Audits Field Office

Seattle, WA

Kirkland, WA 98033
(425) 250-1363

Locations of Emergency Management Oversight Field Offices

Atlanta, GA

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

New Orleans, LA

New Orleans, LA 70123
(504) 762-2050 / Fax (504) 762-2388

Biloxi, MS

Biloxi, MS 39531
(228) 822-0563 / Fax (228) 822-0296

Oakland, CA

Oakland, CA 94612
(510) 637-4311 / Fax (510) 637-1487

Dallas, TX

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

San Juan, PR

San Juan, PR 00918
(787) 294-2532 / Fax (787) 771-3617

Appendix 9

OIG Headquarters and Field Office Contacts and Locations (continued)

Locations of Investigations Field Offices

Alpine, TX

Alpine, TX 79830
(432) 837-7332 / Fax: (432) 837-7449

Atlanta, GA

Atlanta, GA 30341
(404) 832-6730 / Fax: (404) 832-6646

Baton Rouge, LA

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

Bellingham, WA

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

Biloxi, MS

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

Boston, MA

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

Buffalo, NY

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

Chicago, IL

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

Dallas, TX

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

Del Rio, TX

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

Denver, CO

Castle Rock, CO 80104
(303) 653-1627 / Fax: (not available)

Detroit, MI

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

El Centro, CA

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

El Paso, TX

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

Hattiesburg, MS

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

Houston, TX

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

Laredo, TX

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

Los Angeles, CA

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

McAllen, TX

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

Miami, FL

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

Mobile, AL

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

New Orleans, LA

New Orleans, LA 70114
(504) 762-2202 / Fax: (504) 762-2376

New York City, NY

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

Orlando, FL

Orlando, FL 32809-7892
(407) 506-1950 / Fax (407) 240-8104

Philadelphia, PA

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

San Diego, CA

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

San Francisco, CA

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

San Juan, PR

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

Seattle, WA

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

Sierra Vista, AZ

Sierra Vista, AZ 85635
(520) 229-6420 / Fax: (520) 742-7192

Tucson, AZ

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

Washington, DC

Arlington, VA 22209
(703) 235-0848 / Fax: (703) 235-0854

Yuma, AZ

Yuma, AZ 85364
(928) 373-1620 / Fax: (928) 783-0477

Appendix 10

Index to Reporting Requirements

The specific reporting requirements described in the *Inspector General Act of 1978*, as amended, including Section 989C of the *Dodd-Frank Wall Street and Consumer Protection Act*, are listed below.

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