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# The Department of Homeland Security and the Office of Inspector General

On January 24, 2003, the Department of Homeland Security (DHS) began operations. The creation of the department, representing the largest reorganization in Federal history since the creation of the Department of Defense in 1947, brings together 22 different Federal agencies and approximately 180,000 employees. The mission of the department (preventing terrorist attacks within the United States, reducing the vulnerability of the United States to terrorism, minimizing the death and destruction resulting from terrorist attacks, and assisting with the recovery from any such attack) is of paramount national importance.

## Overview of DHS

DHS is organized into five divisions or “directorates.”

- The largest of the directorates, Border and Transportation Security, is responsible for maintaining the security of our nation’s borders and transportation systems. It brings together the functions of the U.S. Customs Service, the Transportation Security Administration (TSA), and the border security functions of the Immigration and Naturalization Service (INS).
- The Emergency Preparedness and Response directorate works to ensure that our nation is prepared for and able to recover from terrorist attacks and natural disasters. It assumes the work and role of the Federal Emergency Management Agency (FEMA), and it absorbs

the functions of the Office of Domestic Preparedness in the Department of Justice (Justice).

- The Science and Technology directorate houses the department's research and development activities, which are designed to find ways and means to thwart terrorist attacks and to minimize their effects.
- The Information Analysis and Infrastructure Protection directorate is responsible for identifying and assessing terrorist threats against the homeland, issuing timely warnings based on its assessments, and working with other Federal agencies, states, and localities, and the private sector to protect the nation's critical infrastructure against terrorist attack.
- The management directorate is responsible for budget, management, and personnel issues in DHS.

In addition to the five directorates, other homeland security related agencies have been incorporated into DHS, namely the Coast Guard and the Secret Service. The immigration services functions of INS were transferred to a "Bureau of Citizenship and Immigration Services."

## **Overview of the OIG at DHS**

The Office of Inspector General (OIG) was, to use Dean Acheson's apt phrase, "present at the creation" of DHS. Thanks to a provision in the Homeland Security Act of 2002, I, too, began operating as the Acting Inspector General of DHS on January 24, 2003. I have assembled a stellar senior leadership team to assist me in managing DHS OIG.

On March 1, 2003, DHS OIG acquired personnel and assets from OIGs that had exercised oversight authority over agencies or parts thereof that were merged into DHS. All 200 FEMA OIG full-time equivalent employees (FTEs), 195 Treasury Department OIG FTEs, 45 Transportation Department OIG FTEs, 15 Justice OIG FTEs,

and 2 FTEs each from the General Services Administration and Agriculture Departments OIGs were transferred to DHS. Of the total number of 459, 186 are located in Washington, D.C., and 273 are located in 21 field offices throughout the country. DHS OIG's appropriated budget for the balance of Fiscal Year 2003 was \$45 million; we are requesting a budget of \$80 million for Fiscal Year 2004. A copy of the DHS OIG organization chart with additional detail is attached.

The department faces a host of challenges. Accordingly, DHS OIG will have its hands full with a wide range of areas to inspect, audit, and investigate, all with the aim of helping to make the department as effective, efficient, and economical as possible.

## **Agency Challenges**

The General Accounting Office has done a good job of identifying the department's three most basic challenges. First, making any new department functional, especially one as large and as complex as DHS, is a challenge in and of itself. Further, each of the agencies merged into DHS, wholly or partially, brought with it its own pre-existing challenges. Third, making the disparate component parts function as a coherent whole is, certainly, the biggest challenge of all. And, after all, the whole point of creating the department is to concentrate in one place the full panoply of the Federal Government's counterterrorism resources, and, thereby, to create a whole that is greater and more effective than the sum of its parts.

In its reviews, analyses, and evaluations of department programs and operations, DHS OIG will look for efficiencies that can be achieved and savings that can be realized. To cite one large example, the department should consolidate and centralize administrative services like contracting, budgeting, legal, human resources, and internal affairs as soon as possible. To cite a smaller example, we have urged the department likewise to consolidate training programs and facilities and

also space requirements for offices, break rooms, and detention cells at border crossings, airports, and other ports of entry.

The new department is one of the Federal Government's largest contracting organizations. At the end of last calendar year, TSA's contracts alone totaled \$8.5 billion. While praising TSA for accomplishing a great deal in terms of air passenger safety in a short period of time, the Transportation Department OIG has criticized TSA for letting contracts with little oversight and few controls. A recent review by TSA itself of one subcontractor found that, out of \$18 million in expenses, between \$6 million and \$9 million appeared to be attributed to wasteful and abusive spending practices. TSA let a \$1 billion information technology infrastructure project to a contractor based only on a "statement of objective," without detailed specifications or "requirements." This could well result in higher contract costs than necessary.

Some agencies that are now a part of DHS had large, complex, high-cost procurement programs under way that need to be closely managed by the new department to: (1) determine whether any changes are needed in light of the department's overall mission, (2) control costs, and (3) ensure that program objectives are met. Examples include the Customs Service's \$5 billion Automated Commercial Environment (ACE) project and the Coast Guard's \$17 billion Deepwater Capability Replacement Project.

The department is also one of the Federal Government's largest grant making institutions. States and localities have been clamoring for Federal help to pay for mounting emergency preparedness costs, and billions of dollars are now beginning to flow to them. In the rush to meet these governments' legitimate needs, the department will need to ensure that adequate controls are in place to see to it that the money is spent for its intended purpose and that emergency preparedness measurably increases as a result. Research and development grants to counter terrorism and protect critical infrastructure will likewise need to be

closely managed to ensure fiscal and performance accountability.

Information technology issues pose another immense challenge for the department. The Chief Information Officer (CIO) will need to establish a department-wide infrastructure that will permit the department's 180,000 or so employees to communicate with each other. In addition, the CIO will need to identify the department's hundreds of information technology system assets, determine which ones are needed to meet mission requirements, and eliminate the rest. Finally, as required by the Federal Information Security Management Act, the CIO will have to develop and implement an agency-wide information security management program that addresses the risks and vulnerabilities in the department's various systems.

The department must quickly integrate and establish effective controls over the financial systems and operations of its various components. Some components have received unqualified audit opinions on their financial statements; however, they expend significant manual efforts and costs to prepare for their financial statements, and weaknesses exist in financial preparation and control.

Securing our borders and transportation systems is a gargantuan challenge. DHS OIG will be closely monitoring various INS initiatives that have been plagued by problems to date, including the National Security Entry-Exit Registration System (now superseded by a program called U.S. VISIT), the Student & Exchange Visitor Information System, and the joint INS-FBI fingerprinting initiative. We will also monitor INS' efforts to improve its record of removing aliens who have overstayed their visas or otherwise violated the terms of their admission. A recent Justice OIG study concluded that, on average, INS is deporting only about 13 percent of all non-detained aliens under final orders of removal. The study also sampled "high risk" categories and found that INS had removed only 6 percent of aliens with final removal orders who came from countries listed as sponsors of terrorism. Only 35 percent of aliens

with criminal records and final removal orders were removed.

While there is a robust DHS presence along our border with Mexico, our border with Canada is only lightly defended today. DHS OIG will take up where Treasury OIG left off in evaluating initiatives like Customs' Remote Video Inspection System, designed to use technology to enhance security at remote border crossings.

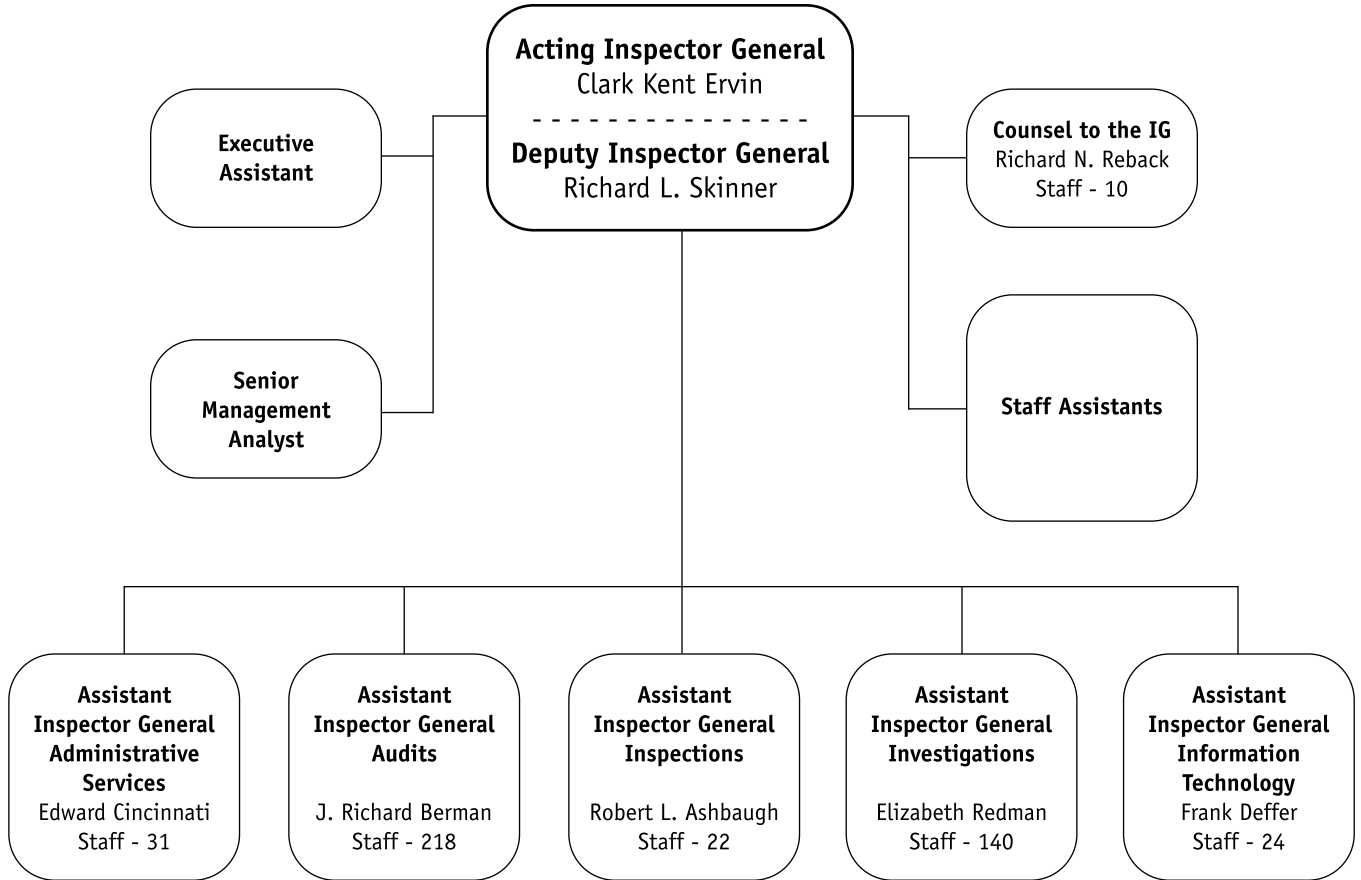
While TSA has made noteworthy strides toward improving airport security since September 11, 2001, significant vulnerabilities remain at our ports and in mass transit, rail, and intermodal container systems. DHS OIG will evaluate the degree to which remaining vulnerabilities in air travel, as well as vulnerabilities in other transportation modes, are addressed.

Finally, DHS OIG will monitor the degree to which those parts of the department that have non-homeland security related missions (the Coast Guard, the Emergency Preparedness and Response directorate, the Secret Service, and the Bureau of Citizenship and Immigration Services) fulfill those important obligations.

My colleagues in DHS OIG management join me in thanking the Inspector General community in general and a number of Inspectors Generals in particular for your extraordinary support for us and our work as we begin operations. We look forward to working closely with the community in ensuring not only that DHS OIG fulfills its mission, but also that, in so doing, we serve as a model for the community and the Federal Government as a whole. 🏠

## Department of Homeland Security Office of Inspector General

### MANAGEMENT TEAM



### FIELD OFFICE LOCATIONS

Atlanta, GA	El Centro, CA
San Juan, PR	El Paso, TX
St. Thomas, VI	McAllen, TX
St. Croix, VI	Denton, TX
New York, NY	Houston, TX
Philadelphia-Marlton, NJ	Tucson, AZ
Boston, MA	Chicago, IL
Oakland, CA	Indianapolis, IN
San Francisco, CA	Miami, FL
LA-El Segundo, CA	Kansas City, MO
San Diego, CA	