



Department of Homeland Security Office of Inspector General

DHS Department-wide Management of Detection Equipment (Redacted)





Homeland
Security

MAR 01 2011

Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report addresses the strengths and weaknesses of the department's management of detection equipment. The report identifies measures that the department can take to enhance its overall effectiveness. It is based on interviews with employees and officials of relevant agencies and institutions, direct observations, and a review of applicable documents.

The recommendations herein have been developed to the best knowledge available to our office, and have been discussed in draft with those responsible for implementation. We trust that this report will result in more effective, efficient, and economical operations. We express our appreciation to all who contributed to the preparation of this report.

A handwritten signature in black ink, reading "Anne L. Richards".

Anne L. Richards
Assistant Inspector General for Audits

Table of Contents/Abbreviations

Executive Summary	1
Background	2
Results of Audit	5
Management of Detection Equipment	5
Recommendations	11
Management Comments and OIG Analysis	11

Appendixes

Appendix A: Purpose, Scope, and Methodology.....	14
Appendix B: Management Comments to the Draft Report.....	16
Appendix C: Major Contributors to This Report	24
Appendix D: Report Distribution	25

Abbreviations

CBP	United States Customs and Border Protection
DHS	Department of Homeland Security
DNDO	Domestic Nuclear Detection Office
DOD	Department of Defense
FAR	Federal Acquisition Regulation
FPS	Federal Protective Service
HSAR	Homeland Security Acquisition Regulation
FEMA	Federal Emergency Management Administration
FLETC	Federal Law Enforcement Training Center
ICE	Immigration and Customs Enforcement
JRC	Joint Requirements Council
OCPO	Office of the Chief Procurement Officer
OIG	Office of Inspector General
PRD	Personal Radiation Detector
TASC	Transformation and Systems Consolidation
TSA	Transportation Security Administration
USCG	United States Coast Guard
USCIS	United States Citizenship and Immigration Services
USSS	United States Secret Service



Department of Homeland Security
Office of Inspector General

Executive Summary

The Department of Homeland Security's components use detection equipment, such as explosive, metal, and radiation detectors, to accomplish their respective missions when screening passengers, baggage, and cargo. The department spent about \$1.3 billion from fiscal year 2007 through first quarter fiscal year 2010 to acquire this equipment, and the components reported about \$3.2 billion of detection equipment in their respective inventories. We performed this audit to determine whether the department identifies and acquires detection equipment in an efficient and effective manner to support component mission needs.

The department can improve management of its detection equipment by using strategic sourcing principles that it has applied to the acquisition of other commodities, such as law enforcement officer firearms and ammunition. The department does not have a logistics process in place to facilitate strategic sourcing of detection equipment. Strategic sourcing would require that management standardize equipment purchases for explosive, metal, and radiation detection equipment; identify common mission requirements among components; and develop standard data elements for managing the inventory accounts of detection equipment. Improving its management of detection equipment will offer the department opportunities to streamline the acquisition process and improve efficiencies.

We are making two recommendations that, if implemented, will improve the department's overall management of detection equipment. The department agreed in principle to the recommendations and provided information about actions it plans to take in response to the recommendations.

Background

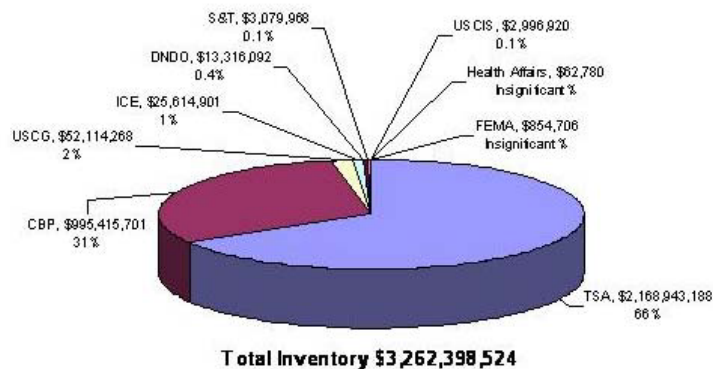
One of Secretary Napolitano's top priorities is unifying the Department of Homeland Security's (DHS) 22 components into "One DHS." Secretary Napolitano initiated the DHS Efficiency Review as part of her effort to create a leaner, smarter, and more efficient department. The Efficiency Review team has identified potential efficiencies in the acquisition process by consolidating purchases and implementing strategic sourcing as a best practice. Strategic sourcing increases acquisition efficiencies and enhances mission performance through department-wide acquisitions.

DHS has eight different procurement offices that purchase detection equipment. In 2004, the department created the Office of Procurement Operations to provide acquisition services to components that did not have a procurement office. Each of the remaining seven offices is at the component level, and each has its own head of contracting. These components are as follows:

- Customs and Border Protection (CBP)
- Federal Emergency Management Administration (FEMA)
- Federal Law Enforcement Training Center (FLETC)
- Immigration and Customs Enforcement (ICE)
- Transportation Security Administration (TSA)
- United States Coast Guard (USCG)
- United States Secret Service (USSS)

Components maintain separate inventories for their detection equipment. For fiscal year 2010, the components had a combined inventory of more than \$3.2 billion of detection equipment, most of which is deployed. TSA and CBP omitted some equipment items in their responses to our data call request. For example, TSA did not include its personal and hand-held radiation detectors, and CBP did not include its walk-through metal detectors. TSA and CBP subsequently provided the inventory data after we determined that they were missing from the original submissions and requested the data for those items. The components purchased an average of about \$387 million of detection equipment in each of the last 3 years, ranging from about \$280 million to \$511 million. This equipment includes metal detectors, explosive detection systems, and radiation detectors (including some personal protective safety equipment) for screening people, baggage, and cargo at airports, seaports, and land ports of entry, as well as federal buildings. Figure 1 depicts the department's universe of detection equipment by component as reported by the components, as of March 2010.

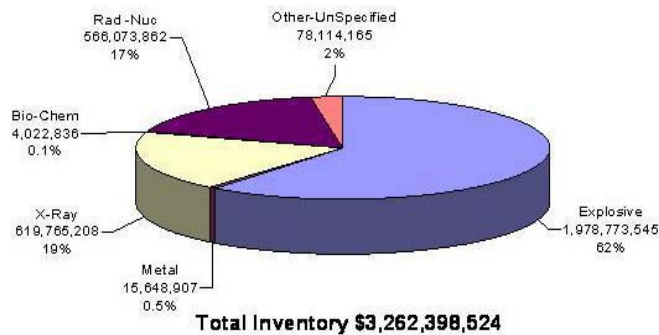
Figure 1. Total Universe of Detection Equipment Department-wide by Component



Source: Component and Department inventory system (As of 3/1/2010)
Domestic Nuclear Detection Office (DNDO)
Science & Technology (S&T)
Citizenship and Immigration Services (USCIS)

Figure 2 depicts the type and value of detection equipment owned by the department as of March 2010.

Figure 2. Total Universe of Detection Equipment Department-wide by Equipment Type



Source: Component and Department inventory system (As of 3/1/2010)

The Federal Protective Service (FPS) provides security for the nearly 9,000 government buildings managed by the General Services Administration. However, FPS uses funds from fees collected for protection services to lease or purchase its detection equipment. The recent \$25 million dollar contract for x-ray detection equipment is not part of DHS' budget, nor does the department own any of the equipment FPS uses to carry out its mission. Therefore, FPS' detection equipment is not included in the above DHS inventory information.

DHS' Office of the Chief Procurement Officer (OCPO) is responsible for oversight of most DHS acquisition activities and services, including management, administration, and strategic sourcing. OCPO responsibilities also include developing and publishing department-wide acquisition regulations, directives, policies, and procedures. The following are some of the regulations and policies OCPO uses to manage its acquisitions:

- The Federal Acquisition Regulation (FAR) consists of sets of regulations issued by federal agencies to govern the acquisition process. Components may add their own regulation to supplement FAR, including Homeland Security Acquisition Regulation (HSAR), which establishes uniform policies and procedures for all acquisition activities within DHS.
- The Office of Management and Budget Implementing Strategic Sourcing Memorandum, dated May 20, 2005, directs all federal agencies to leverage spending to the maximum extent possible through strategic sourcing.
- The Department of Homeland Security Acquisition Manual, issued by the Chief Procurement Officer, establishes uniform department-wide acquisition procedures, which implement or supplement FAR and HSAR.
- According to the Integrated Planning Guide for DHS, to the maximum extent possible, components will consider, identify, and develop long-term plans to accomplish activities and investments using DHS' Strategic Sourcing Program.
- Directive 102-01, Acquisition Management, January 2010, consolidates DHS acquisition management policy, providing the overall policy and structure for acquisition management by prescribing additional management procedures and responsibilities that augment existing policies, regulations, and statutes.

In addition, the U. S. Government Accountability Office's "Framework for Assessing the Acquisition Function at Federal Agencies" (GAO-05-218G, dated September 2005) identifies strategic sourcing as a best practice and notes that one way to effectively manage the acquisition process is by empowering cross-functional teams.

Results of Audit

Management of Detection Equipment

DHS can better manage the acquisition of detection equipment by developing processes based on best practices such as strategic sourcing. Strategic sourcing requires standardizing equipment purchases and identifying common mission requirements among components. DHS has already made progress in using strategic sourcing for a number of commodities. Another best practice is developing standard data requirements and nomenclature for inventory management.

Improved management through best practices would offer DHS opportunities to streamline the acquisition process, improve efficiencies, and provide uniform equipment inventory information.

Strategic Sourcing

DHS has established a Strategic Sourcing Program and has applied strategic sourcing strategies for many common use items, such as firearms, ammunition, and office supplies; however, the department is not managing its detection equipment through this program. According to DHS officials, components are encouraged but not required to use the Strategic Sourcing Program and generally do not coordinate and communicate when acquiring detection equipment. There is no mechanism in place for components to standardize equipment purchases or identify common mission requirements among components. For example, the department's Joint Requirements Council is inactive, and components do not have the expertise of commodity councils or single-item managers to rely on when acquiring detection equipment. Further, components view detection equipment as unique to their missions and do not attempt to identify common mission requirements among other components. This results in numerous inefficient purchases by individual components instead of consolidated purchases.

The Office of Management and Budget's "Implementing Strategic Sourcing" Memorandum, dated May 20, 2005, directs all federal agencies to leverage spending whenever possible through strategic sourcing. Further, according to the DHS Integrated Planning Guide, to the maximum extent possible, components will consider, identify, and develop long-term plans to accomplish activities and investments using the DHS Strategic Sourcing Program.

DHS has taken steps to unify component purchasing, address procurement issues, and improve control and oversight of assets through the Transformation and Systems Consolidation (TASC). The department plans to integrate financial, procurement, and asset management processes under the Chief Financial Officer's Resource Management Transformation Office. According to the director of TASC, the department recently awarded a \$450 million contract for the TASC system.

Standardizing Equipment Purchases

Some components did not standardize equipment purchases and purchased a variety of different detection equipment models. For example, as shown in figure 3, United States Citizenship and Immigration Services (USCIS) has 24 and CBP has 21 different models of small x-ray equipment, and CBP and USCIS each have 14 different models of walk-through metal detectors. Due to time constraints, we did not quantify the increased administrative and logistic support costs incurred by USCIS and CBP by purchasing multiple types of equipment on multiple purchase orders. However, DHS is incurring higher procurement administrative costs and the components increase logistic support costs for maintenance, training, and support when they have multiple models of equipment to meet similar missions. TSA, which uses and maintains the largest inventory of detection equipment in the department, should have experienced reduced procurement administrative costs and logistic support requirements by purchasing and supporting only seven different models of small x-ray equipment and three models of walk-through metal detectors. By limiting the number of models and types of equipment, TSA is in a position to increase efficiencies in procurement, maintenance, and personnel flexibilities. Figure 3 shows the number of models in each of the components' inventories:

Figure 3. Number of Models of Detection Equipment

Component	CBP	USCIS	TSA	ICE*
	models	models	models	models
Small x-ray	21	24	7	5
Walk-through metal detectors	14	14	3	2

*Not including FPS detection equipment.

Note: Purchase dates for CIS, TSA, and ICE equipment were not readily available.

Common Mission Requirements

We identified about \$170 million worth of small x-ray machines, metal detectors, and personal and hand-held radiation detectors that DHS could acquire through strategic sourcing strategies. Although multiple components were using similar equipment to meet similar screening missions, each component purchased the equipment separately. Components did not coordinate with each other to identify common requirements, consolidate purchases to gain in buying power, or consolidate logistic support requirements. A review of the inventories showed that some components own similar models of detection equipment. For example:

- TSA, CBP, and USCIS all reported similar small x-ray machine models in their inventories.
 - o CBP reported three on hand.
 - o TSA reported 568 on hand.
 - o USCIS reported 22 on hand.
- TSA, CBP, ICE, and USCIS reported using similar models of walk-through metal detectors, while TSA, CBP, and USCIS reported using similar models of walk-through metal detectors.
 - o TSA reported 1,627, CBP reported 10, USCIS reported 10, and ICE reported 1 similar models on hand.
 - o TSA reported 121, CBP reported 13, USCIS reported 10, and ICE reported 2 similar models on hand.
 - o TSA reported 172, CBP reported 56, and USCIS reported 25 similar models on hand.

Figure 4 shows about \$170 million of similar detection equipment by component and total item value.

Figure 4. Inventories of Similar Detection Equipment (By Total Estimated Value)					
		Small x-ray	Walk-through Metal Detectors	Personal Radiation Detectors	Hand-held Radiation Detectors
CBP	Est. Value	\$14,078,098	\$ 364,526	\$ 23,628,172	\$ 20,908,629
USCIS	Est. Value	\$ 2,679,016	\$ 271,500	\$ -	\$ -
TSA*	Est. Value	\$55,019,736	\$ 13,371,827	\$ 99,450	\$ 502,518
ICE	Est. Value	\$ 264,188	\$ 18,800	\$ -	\$ -
USCG	Est. Value	\$ -	\$ -	\$ 17,556,000	\$ 21,792,000
Total	Est. Value	\$72,041,038	\$ 14,026,653	\$ 41,283,622	\$ 43,203,147
Total Value					\$ 170,554,460

Source: Department and component inventories.

Unit costs varied for similar equipment and not all inventories included all unit costs. Therefore, the amounts presented are estimates and the value may be understated.

DHS Management Directive 1405, September 2003, established a Joint Requirements Council (JRC) as a senior-level requirements review board to identify cross-cutting opportunities and common requirements among DHS organizational elements for non-information technology investments. The JRC met periodically between fiscal years 2004 and 2006. Representatives on the JRC reviewed programs and processes for potential mission overlap and redundancies. Among the programs reviewed were TSA's Secure Flight and Registered Traveler and CBP's Consolidated Registered Traveler programs. In 2006, the JRC stopped meeting after the department assigned the council chair to other duties and the remaining council members did not pursue the potential efficiencies. However, DHS now recognizes the importance of the JRC and indicated plans to revive the council to identify duplicated programs and processes across the department. This undertaking should include an effort to identify common data elements and nomenclatures within inventories and to establish a data dictionary for the department's detection equipment.

In addition to the JRC, commodity councils are an integral element of developing an effective strategic sourcing program. Commodity councils include representatives from across the organization. The members act as the subject matter experts in the acquisition process and in establishing requirements for a specific commodity or service. Generally, the component purchasing the largest quantity of a particular item takes the lead role in acquiring the

commodity or service and may serve as that commodity's single-item manager.

DHS and other federal agencies use the commodity council concept. For example, in 2003, DHS established the Weapons and Ammunition Commodity Council to create a department-wide strategy for consolidating requirements and gaining economies of scale for the acquisition of weapons and ammunition. The council, which includes representatives from each component that uses weapons, developed requirements for firearms, ammunition, and body armor. ICE took the lead role, using service-level agreements with other components to establish one overall contract, which is available to all DHS entities.

The Department of Defense (DOD) is another example of a federal department using the commodity council concept. In 2003, DOD established the DOD-Wide Strategic Sourcing Program. The program established three department-wide commodity councils that support the acquisition of the following services:

- Hand-held wireless communications devices and services, led by the U.S. Army and U.S. Air Force
- Clerical support services, led by the U.S. Navy
- Medical health care services, led by the U.S. Army

Inventory Data

The inventory systems DHS and its components use are not based on standard inventory data elements and standard nomenclature for similar detection equipment. Currently, DHS is unable to view consolidated inventory information on detection equipment and must rely on data calls to determine its inventory, including type, model, and value of equipment on hand. Each component manages its inventory through eight separate asset management inventory systems that do not interface, are not compatible, and do not use standardized data descriptions or nomenclatures based on a uniform data dictionary. DHS does not have an effort in place to identify and assign common data elements to these inventory systems. Without a common data dictionary based on common data elements and nomenclature, the department does not have timely visibility over the on-hand balances. Also, the department may not be able to evaluate its detection equipment requirements and develop a disciplined logistics function to manage its detection equipment.

The “Framework for Assessing the Acquisition Function at Federal Agencies” (GAO-05-218G, dated September 2005) emphasizes data stewardship as a critical success factor in managing information systems. It identifies the need for consistency among data definitions, sources, controls, and edits routines as a best practice.

Seven of DHS’ asset management inventory systems are legacy systems that existed before DHS. DHS implemented the eighth system for headquarters and those components that did not have an internal procurement function. The component legacy systems support their respective components and continue to operate in a stovepipe without interfacing with the department or other components. Headquarters relies on data calls from each component to gather department-wide inventory information. As part of this audit, the components provided us detection equipment inventories in response to a data call. The information provided was in nonstandard formats, and data elements and nomenclatures were not standardized. CBP sent 32,000 lines of data, with some entries dated as early as 1940, but its original submission still did not include all detection equipment on hand and required a followup request to obtain a complete universe. Unless DHS establishes a uniform or common data dictionary, the categories and data descriptions will vary among the components and the department cannot be sure that the inventory data it relies on are complete and accurate. For example:

- One component categorized an explosive detection device as “detection equipment,” another categorized it as “security equipment,” while another categorized it using specific equipment names, with the nomenclature including the name of the individual assigned the equipment.
- Personal radiation detectors (PRD) were described as—
 - Personal Radiation Detector
 - PRD
 - Radiation Detector
 - Personnel radiation detector, with a corresponding name of the person assigned this equipment
 - Detector Radiation Personal

To establish control, oversight, and visibility of the component inventories and until DHS deploys an integrated system, it needs to establish a common data dictionary to standardize data elements across component and headquarters systems. Establishing an inventory data dictionary will assist DHS in developing strategic

sourcing strategies and support greater efficiencies in its detection equipment inventories.

Conclusion

Improved management through best practices will assist the department and its components by increasing coordination and communication and expanding strategic sourcing strategies into detection equipment, which will support Secretary Napolitano's priority of "One DHS." DHS has taken steps to improve control and oversight of assets through the recently awarded TASC system. However, DHS needs to establish a standard data dictionary, consolidate data descriptions, and make sure components use consistent inventory terms before it implements the TASC system.

Recommendations

We recommend that the Deputy Under Secretary for Management:

Recommendation #1: Reestablish the Joint Requirements Council.

Recommendation #2: Establish a commodity council for detection equipment, responsible for:

- Coordinating, communicating, and, where appropriate, strategically sourcing items at the department level or identifying a single source commodity manager;
- Standardizing purchases for similar detection equipment; and
- Developing a data dictionary that standardizes data elements in inventory accounts for detection equipment.

Management Comments and OIG Analysis

The department provided written comments, including specific comments regarding law enforcement-sensitive information, on our draft report. We evaluated these comments and addressed them, as appropriate, throughout the report. Below is a summary of the department's written response to our four recommendations and our analysis. A copy of the department's response and a summary of its plans and progress for addressing the recommendations are included in appendix B.

The department concurs in principle with recommendations 1 and 2 but does not concur with recommendations 3 and 4. We

reviewed the department's comments on recommendation 3 and agree with the department's position noted below that our assessment of the department's acquisition process for radiological and nuclear detection equipment described the process for state and local acquisitions. Therefore, we removed this recommendation along with the corresponding report section from the final report. Since the intent of recommendation 4 will be included in the action plans for recommendations 1 and 2, recommendation 4 is duplicative and has also been removed from the final report. Our summary and analysis of the department's official response follows.

Management Response on Recommendation #1

The department concurred in principle: The department said it is currently assessing alternatives including potentially reestablishing the JRC. Upon completion of this assessment, the Chief Procurement Officer will provide a copy of the assessment to the Inspector General, accompanied by an action plan for implementation of the chosen alternative.

OIG Analysis: We consider the proposed action to be responsive to the recommendation. However, this recommendation will remain open and unresolved until we receive and review a copy of the assessment of alternatives with a corresponding corrective action plan and timetable for completion.

Management Response on Recommendation #2

The department concurred in principle: The department said that it agrees that an analysis of potential strategic sourcing for detection equipment is warranted. The department will perform a business case analysis of detection equipment by January 31, 2011. A commodity council and/or a working group will be established if the analysis determines that some or all of this detection equipment should be strategically sourced. If this initiative moves forward, OCPO will provide OIG with an implementation timeline.

OIG Analysis: We consider the proposed action to be responsive to the recommendation. However, this recommendation will remain open and unresolved until we receive and review a copy of the strategic sourcing business case analysis and a corresponding corrective action plan and timetable for completion if the initiative goes forward.

Management Response on Recommendation #3:

Recommendation #3 requires higher minimum standards for radiological and nuclear detection equipment based on Domestic Nuclear Detection Office (DNDO) recommendations.

The department did not concur: The department clarified its acquisition process for purchasing radiological and nuclear detection equipment and pointed out that the process identified in the draft report applies to the acquisition of radiological and nuclear detection equipment by state and local governments and does not reflect the department's process. The department noted that for DHS radiological and nuclear detection equipment requirements, DNDO already collaborates with the respective components to determine the appropriate detection equipment that meets the particular mission needs and circumstances.

OIG Analysis: We agree with the department that we outlined DNDO's process for meeting state and local requirements rather than federal requirements for purchasing radiological and nuclear detection equipment. When we presented the results of our audit during multiple discussions with DNDO personnel and other component personnel, this distinction was never brought to our attention. Since our assessment is not an accurate portrayal of the federal process, we removed this recommendation as well as the section of the draft report referring to the selection of radiological and nuclear detection equipment.

Management Response on Recommendation #4:

Recommendation #4 requires updating prescribed internal regulatory processes to implement the recommendations above.

The department did not concur: The department requested that this recommendation not be included since the proposed action plan for recommendations 1 and 2 does not require regulatory action and the action plan for these two recommendations will address changes to internal policy and guidance documents.

OIG Analysis: Since the department plans to address the intent of recommendation 4 in its proposed action plans for implementing recommendations 1 and 2, this recommendation is duplicative and has been removed.

Appendix A

Purpose, Scope, and Methodology

The objective of our audit was to determine whether the Department of Homeland Security is identifying and acquiring detection equipment in an efficient and effective manner to support component mission needs. We performed this audit to address a request from Senator Charles Schumer regarding the effectiveness of the department's oversight in identifying and acquiring detection equipment to support component mission needs.

We performed the audit at the department and component levels in Washington, DC. Our review included analysis of component inventories of detection equipment such as personal radiation detectors, hand-held radiation detectors, small x-ray equipment, and walk-through metal detectors.

We interviewed DHS and component officials in the Office of the Chief Procurement Officer, including Director, Procurement Oversight & Support; Director, Resource Management Transformation Office; Director, Strategic Sourcing Division; Director, Acquisition Systems; and Assistant Director, Personal Property. We also interviewed various officials at the component level, including Customs and Border Protection, Transportation Security Administration, United States Coast Guard, Immigration and Customs Enforcement, and Federal Protective Service.

We researched applicable laws and regulations and evaluated various planned initiatives. We reviewed selected contracts for various types of detection equipment owned by components such as CBP and USCG (personal radiation detectors) and CBP (walk-through metal detectors). We examined the inventory reports for new equipment, used equipment, and equipment awaiting disposal at the TSA Logistics Center as of January 22, 2009, and May 13, 2010. We did not include detection equipment inventory data for FPS, USSS, and FLETC. Specifically, the FPS inventory of detection equipment is not funded by the DHS budget, and therefore is not owned by DHS. The USSS inventory data posed sensitivity issues, and the FLETC inventory is used for training purposes and therefore did not meet the audit objective.

We conducted the audit fieldwork between February and July 2010 according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We validated the reliability of inventory data for detection equipment by performing limited tests comparing

Appendix A

Purpose, Scope, and Methodology

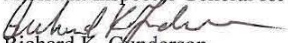
component inventory data with information in the Federal Procurement Data System; reviewing selected detection equipment contracts; and reviewing recently performed wall-to-wall inventories by our Financial Management Division as conducted by KPMG auditors.

Appendix B
Management Comment to the Draft Report

DEC - 6 2010



MEMORANDUM FOR: Anne L. Richards
Assistant Inspector General for Audits

FROM: 
Richard K. Gunderson
Deputy Chief Procurement Officer

SUBJECT: Response to Draft OIG Report: *DHS Department-wide Management of Detection Equipment*

In response to your October 22, 2010 memorandum, *DHS Department-wide Management of Detection Equipment – FOR OFFICIAL USE ONLY (FOUO) OIG Project No: 10-110-AUD-DHS*, attached are the Department of Homeland Security (DHS) comments on the draft report.

If there are any questions, please contact Mr. David J. Capitano, Office of the Chief Procurement Officer, at (202) 447-5417 or david.capitano@dhs.gov.

Attachment

Appendix B

Management Comment to the Draft Report

Attachment

Deputy Chief Procurement Officer's Response to Draft OIG Report:
"DHS Department-wide Management of Detection Equipment"

Deputy Chief Procurement Officer's Response to OIG Report Recommendations

The draft OIG report includes four recommendations. Specific responses to each recommendation are provided below.

Recommendation 1: "Reestablish the Joint Requirements Council."

Response: Concur in Principle. The Department is currently assessing alternatives in this area, including potential reestablishment of the Joint Requirements Council (JRC). Upon completion of this assessment, CPO will provide a copy of the assessment to the IG, accompanied by an action plan for implementation of whatever alternative is chosen.

Recommendation 2: "Establish a commodity council for detection equipment, responsible for:

- Coordinating, communicating, and, where appropriate, strategically sourcing items at the department level or identifying a single source commodity manager;
- Standardizing purchases for similar detection equipment; and,
- Developing a data dictionary that standardizes data elements in inventory accounts for detection equipment."

Response: Concur in principle. DHS agrees that an analysis of potential strategic sourcing for detection equipment is warranted. As such, the department will perform a strategic sourcing business case analysis of detection equipment. If that analysis yields a determination that some or all of this equipment should be strategically sourced, a commodity council and/or a working group will be established. The estimated timeline for completion of the business case analysis is January 31, 2011. Should the business case yield a determination that the initiative move forward, the Office of the Chief Procurement Officer will provide the IG with a timeline for implementing our strategic sourcing process for this initiative.

Recommendation 3: "Require higher minimum standards for radiological and nuclear detection equipment based on DNDO recommendations."

Response: Nonconcur. The draft report contains a fundamental misunderstanding of the differences between the Department's acquisition of radiological and nuclear detection systems for DHS Components, as opposed to the purchasing of radiological and nuclear detection systems by state and local law enforcement agencies using FEMA grant funds. The process outlined in the draft report subsection entitled "Departmental Oversight" prescribes the role of DNDO, and the process used by state and local law enforcement organizations to acquire radiological and nuclear detection systems. For DHS requirements, DNDO collaborates with the requiring organization (e.g., CBP) to determine the appropriate radiological and nuclear system that meets the particular needs/circumstances. Furthermore,

Appendix B

Management Comment to the Draft Report

Attachment

Deputy Chief Procurement Officer's Response to Draft OIG Report:
"DHS Department-wide Management of Detection Equipment"

implementation of Recommendations 1 and 2 will provide additional assurance that the Department's acquisition and management of detection equipment includes the selection of the most appropriate products for its mission needs, as facilitated by the input of DNDO and other components; therefore, we request that this recommendation not be included in the OIG's final report.

Recommendation 4: "Update prescribed internal regulatory processes to implement the recommendations above."

Response: Nonconcur. The proposed action plan for implementing Recommendations 1 and 2 of the draft report does not require "regulatory" action (such as revisions to the Department of Homeland Security Acquisition Regulations). While any process changes must accompany our actions related to Recommendations 1 and 2, our action plans with respect to Recommendations 1 and 2 will ensure implementation of these items, including all necessary internal policy and guidance documents. Therefore, we request that this recommendation not be included in the OIG's final report.

Comments on Report Content

The following comments are provided in accordance with the draft report sections as specified below. Under separate memorandum, we have provided comments regarding the Department's concerns with respect to the release of certain information included within this report to the general public; specifically, because release of this information raises the risk of law enforcement circumvention (i.e., is law enforcement sensitive and therefore exempted from release, pursuant to 5 USC 552 B2, B7(e)).

1. Section entitled "Executive Summary", Page 1

A. General Comment:

Draft Report Language: The draft report does not include an adequate or complete definition of detection equipment. Although basic types of detection equipment are mentioned with this section, there is no definition of detection equipment that compliments the scope of the OIG's audit.

Comment: Recommend the inclusion of a definition of detection equipment in the final report, similar to the following:

"In common law enforcement terms, "detection equipment" can be defined as an instrument or machine that will allow an officer to determine the specific type, class or nature of material, object or organism that is sequestered from view and not under the

Appendix B

Management Comment to the Draft Report

Attachment

Deputy Chief Procurement Officer's Response to Draft OIG Report:
"DHS Department-wide Management of Detection Equipment"

direct view of that officer. Within the context of this report the term "detection equipment" refers to a specific type of instrument or apparatus that is designed specifically to determine whether or not a conveyance or person is carrying a material that is emitting radiation. A number of these instruments have been designed not only to determine the presence of such radioactive emissions but also to identify the radioisotope that is present and causing the emissions."

B. Page 1, second paragraph, fourth sentence:

Draft Report Language: *"Without departmental oversight, some components have not always acquired the best-performing personal and hand-held radiological and nuclear detection equipment available to meet mission needs and ensure the safety of officers in the field."*

Comment: Recommend the removal of this sentence from the final report, because this statement is derived from the draft report subsection entitled "Departmental Oversight," which includes a fundamental misunderstanding of the differences between the Department's acquisition of radiological and nuclear detection systems for DHS Components, as opposed to the purchasing of radiological and nuclear detection systems by state and local law enforcement agencies using FEMA grant funds. Alternative language for the draft report subsection entitled "Departmental Oversight" is included below.

2. Section entitled "Background," pages 2 through 5:

A. Page 2, third paragraph, second sentence.

Draft Report Language: *"For fiscal year 2010, the components had a combined inventory of over \$3.2 billion of detection equipment."*

Comment: Request the revision of this sentence to reflect the fact that most of this inventory has been deployed and is not stored in warehouses. Recommended revised language is as follows:

"For fiscal year 2010, the components had a combined inventory of over \$3.2 billion of detection equipment, a majority of which is deployed."

B. Page 2, third paragraph, third and fourth sentences.

Draft Report Language: *"TSA and CBP omitted some equipment items in their responses to our data call request. For example, TSA did not include its personal and hand-held radiation detectors, and CBP did not include its walk-through metal detectors."*

Appendix B

Management Comment to the Draft Report

Attachment

Deputy Chief Procurement Officer's Response to Draft OIG Report:
"DHS Department-wide Management of Detection Equipment"

Comment: Request the revision of these sentences to reflect that, although certain equipment was not included in response to the OIG's original data call, in response to a subsequent data call inventory data for this equipment was provided to the audit team.

C. Page 4, first complete paragraph, first sentence:

Draft Report Language: *"DHS' Office of the Chief Procurement Officer (OCPO) is responsible for all DHS acquisition activities and services, including management, administration and oversight, financial assistance, and strategic and competitive sourcing."*

Comment: Recommend revising this sentence to correctly represent the role of OCPO. While OCPO is responsible for the oversight of most DHS acquisition activities, it is not responsible for financial assistance (the Office of the Chief Financial Officer is responsible for financial assistance). Therefore, we recommend the following or similar language to replace the current sentence:

"DHS's Office of the Chief Procurement Officer (OCPO) is responsible for oversight of most DHS acquisition activities and services, including management, administration, oversight, and strategic sourcing."

3. Section entitled "Results of Audit," pages 5 through 14:

A. Page 7, Figure 3, second footnote:

Draft Report Language: *"**CBP did not include walk-through metal detectors in inventory numbers provided to us."*

Comment: Request the revision of this footnote to reflect that, although certain equipment was not included in response to the OIG's original data call, in response to a subsequent data call inventory data for this equipment was provided to the audit team.

B. Page 8, Figure 4, footnote:

Draft Report Language: *"*CBP and TSA omitted items from their reported inventory. CBP did not include walk-through metal detectors, and TSA did not report any personal radiation detectors."*

Comment: Request the revision of this footnote to reflect that, although certain equipment was not included in response to the OIG's original data call, in response to a subsequent data call inventory data for this equipment was provided to the audit team.

Appendix B

Management Comment to the Draft Report

Attachment

Deputy Chief Procurement Officer's Response to Draft OIG Report:
"DHS Department-wide Management of Detection Equipment"

C. Page 11, subsection entitled "Departmental Oversight":

Draft Report Language: *"Departmental Oversight - DHS needs to improve its oversight of detection equipment by taking a stronger leadership role over the selection of radiological and nuclear detection equipment. The department only requires components to select radiological and nuclear detection equipment which meet minimum standards. Congress mandated that the Domestic Nuclear Detection Office (DNDO) set Technical Capability Standards and implement a test and evaluation program for radiological and nuclear detection equipment. However, DNDO does not make recommendations or rank test results on the types of equipment the components purchase. As a result, the department may not be fully using the expertise of DNDO personnel and components may be acquiring detection equipment that may not be the most effective or provide the greatest protection for its front line officers. In 2005, National Security Presidential Directive 43 and Homeland Security Presidential Directive 14 created the Domestic Nuclear Detection Office (DNDO) to expand and improve radiological and nuclear detection capabilities. Congress mandated DNDO to set Technical Capability Standards and to implement a test and evaluation program. The test and evaluation program provides a framework for testing radiological and nuclear detection equipment. The framework provides performance, suitability, and survivability information, and related testing for preventive radiological and nuclear detection equipment. However, the scientific community has not yet accepted DNDO's framework as an industry standard. Currently, the American National Standards Institute (ANSI) N42 standards are the minimum performance baseline for radiation detection equipment. DNDO is responsible for the acquisition of radiological and nuclear detection equipment for DHS and receives direct funding for these equipment purchases. However, according to senior officials at DNDO, it cannot make recommendations, but can only provide unranked test results and capabilities of the types of models available to the components. DNDO is required to acquire the equipment the component selects as long as it meets the minimum standard for radiological and nuclear detection equipment. DNDO's mission is to expand and improve radiological and nuclear detection capabilities. Allowing the components to select an equipment model that only meets the minimum standards when improved technology is available may impede DNDO's mission and does not ensure that DHS is providing the best available equipment to its frontline officers. For example, components use PRDs as a passive, first alert radiation indicator to protect personnel. Two components that use this equipment use different types and have different approaches to its use and issue,*

The hand-held radiation detector is another type of

Appendix B

Management Comment to the Draft Report

Attachment

Deputy Chief Procurement Officer's Response to Draft OIG Report:
"DHS Department-wide Management of Detection Equipment"

equipment that the components purchase that only needs to meet minimum standards (ANSI). These devices, which identify the type of radiation emitted from a detected radioactive source, are designed to detect both gamma and neutron rays.

Response: Recommend this subsection be deleted because it is inaccurate. DNDO purchases all radiological and nuclear detection equipment for CBP and the other DHS Components. The draft report contains a fundamental misunderstanding of the differences between the Department's acquisition of radiological and nuclear detection systems for DHS Components, as opposed to the purchasing of radiological and nuclear detection systems by state and local law enforcement agencies using FEMA grant funds. This subsection also includes the following erroneous statement: "*The department only requires components to select radiological and nuclear detection equipment which meet minimum standards.*" There is no such departmental requirement. Further, DNDO is not bound by policy or law to only procure equipment that meets minimum standards, yet this subsection suggests that this is the current DHS practice. Therefore, we recommend the following or similar language be inserted in lieu of the entire subsection in the draft report:

Departmental Oversight

DNDO conducts all acquisitions for radiological and nuclear detection equipment on behalf of the various DHS components. The DNDO acquisition process for radiological and nuclear detection equipment for DHS components is divided into two parts; one for legacy and one for next generation systems. When DNDO was created in 2005, DHS components were already acquiring various radiological and nuclear detection devices based upon threat and operational considerations as known prior to or in the formative years of DHS. These legacy systems were deployed; users were trained; and maintenance chains were set in place. DNDO has, and will, continue to procure these legacy systems, based upon joint acquisition plans from each component while next generation systems are developed, as necessary.

For new detector systems, such as the recently completed Advanced Handheld, the acquisition process is quite different. DNDO is the lead for any new radiological and nuclear detection system acquisitions for DHS. DNDO works with the component(s) to define a set of requirements that both meet the

Appendix B

Management Comment to the Draft Report

Attachment

Deputy Chief Procurement Officer's Response to Draft OIG Report:
"DHS Department-wide Management of Detection Equipment"

operational need of the end-user(s) and the technical effectiveness needs of DNDO. Special consideration is paid to selecting requirements to develop a common system that can be operated by multiple components. DNDO technical requirements are based upon a combination of threat guidance and pathway analysis provided by the Global Nuclear Detection Architecture. New detectors are subject to rigorous testing including an independent Operational Test, which substantiates usability and effectiveness. Next generation systems can be either custom systems developed for specific solutions or they can be commercial-off-the-shelf systems, which provide the necessary features and functions.

Appendix C

Major Contributors to This Report

Linda Howard, Director
Sam Bellino, Audit Manager
Patricia Benson, Auditor-in-Charge
Paul Exarchos, Program Analyst
Falon Newman-Duckworth, Program Analyst
Enrique Leal, Program Analyst
Jeffrey Balsewicz, Program Analyst
Anthony Colache, Independent Referencer

Appendix D

Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
Deputy Chief of Staff
General Counsel
Executive Secretariat
Director, GAO/OIG Liaison Office
Assistant Secretary for Office of Policy
Assistant Secretary for Office of Public Affairs
Assistant Secretary for Office of Legislative Affairs

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees, as appropriate



ADDITIONAL INFORMATION AND COPIES

To obtain additional copies of this report, please call the Office of Inspector General (OIG) at (202) 254-4100, fax your request to (202) 254-4305, or visit the OIG web site at www.dhs.gov/oig.

OIG HOTLINE

To report alleged fraud, waste, abuse or mismanagement, or any other kind of criminal or noncriminal misconduct relative to department programs or operations:

- Call our Hotline at 1-800-323-8603;
- Fax the complaint directly to us at (202) 254-4292;
- Email us at DHSOIGHOTLINE@dhs.gov; or
- Write to us at:
DHS Office of Inspector General/MAIL STOP 2600,
Attention: Office of Investigations - Hotline,
245 Murray Drive, SW, Building 410,
Washington, DC 20528.

The OIG seeks to protect the identity of each writer and caller.