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Homeland Security Is Faulted in Audit

Inspector General Points to FEMA, Cites Mismanagement Among Problems

By Dan Eggen

Washington Post Staff Writer

Thursday, December 29, 2005; Page A01

Nearly three years after it was formed, the immense Department of Homeland Security remains hampered by severe management and financial problems that contributed to the flawed response to Hurricane Katrina, according to an independent audit released yesterday.

The [report](#) by Homeland Security Inspector General Richard L. Skinner aimed some of its most pointed criticism at one of DHS's major entities, the Federal Emergency Management Agency. Katrina and a subsequent storm, Rita, increased the load on FEMA's "already overburdened resources and infrastructure," the report said.

In addition, the report found, "the circumstances created by Hurricanes Katrina and Rita provide an unprecedented opportunity for fraud, waste and abuse," primarily because FEMA's grant and contract programs are still not being managed properly.

"While DHS is taking several steps to manage and control spending under Katrina, the sheer size of the response and recovery efforts will create an unprecedented need for oversight," the report concludes.

The audit is the latest in a series of tough assessments of the beleaguered department, which has been widely criticized since it was formed in March 2003 by combining 22 disparate agencies. In a final "report card" issued earlier this month, for example, the former members of the Sept. 11 commission gave the DHS low or failing grades in many key areas, including airline passenger screening and border control.

Earlier this week, a group of House Democrats issued a report alleging that the department had failed to follow through on 33 promised improvements to border security, infrastructure protection and other programs.

In an 11-page response to the inspector general's findings, homeland security officials acknowledged problems but disputed some of the criticisms and offered explanations for others. For example, the department said it has created a special procurement office to oversee hurricane contracts and is using consultants to monitor the process.

Department spokesman William R. "Russ" Knocke said that "retooling FEMA is one of our greatest and most urgent priorities."

"We continue to make programs more efficient, effective and results-oriented," Knocke said, adding that "the department is making substantial progress in implementing several core management initiatives," including improvements in personnel policies and financial accountability.

Homeland Security Secretary Michael Chertoff, who took over the department this year, is in the midst of implementing a broad reorganization of the 180,000-employee department and has announced initiatives in border security and other areas.



The inspector general says DHS faces "formidable challenges" in securing borders, such as here between San Diego, upper left, and Mexico. (By Denis Poroy -- Associated Press)

RELATED DHS DOCUMENTS

- ["Major Management Challenges Facing the Department of Homeland Security" -- DHS Office of Inspector General](#)
- ["33 Unfulfilled Promises From the Department of Homeland Security" -- House Committee on Homeland Security](#)

But the department's bumbling after Katrina prompted widespread criticism -- along with the resignation of FEMA's director -- and many lawmakers have since questioned whether DHS is capable of handling recovery efforts along the Gulf Coast. White House homeland security adviser Frances Fragos Townsend is reviewing the hurricane response by DHS and other agencies.

Congress has approved more than \$63 billion in disaster relief funding, and some estimate that the total federal recovery costs for New Orleans and other storm-ravaged areas could exceed \$200 billion. As of last week, officials said, more than \$4 billion in Katrina-related contracts had been awarded by the department.

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