



# Performance and Accountability Report

Fiscal Year 2007

*Federal Law Enforcement Training Center*



Homeland  
Security



In 2007, President George W. Bush visited the Federal Law Enforcement Training Center. This year the FLETC developed several new training programs, executed numerous training initiatives, experienced growth in the international arena, and awarded accreditation to four FLETC training programs.



# Homeland Security

## Message from the Director



I AM PLEASED to present the Federal Law Enforcement Training Center's (FLETC) Performance and Accountability Report (PAR) for Fiscal Year 2007. The FLETC's mission is to train those who protect our homeland. This report contains the financial and program performance results of our operations for the year, in which over 60,000 law enforcement personnel received training.

Fiscal Year 2007 was a year of accomplishments for the FLETC. These accomplishments are instrumental to our mission of providing exemplary training to our Partner Organizations. The Highlights section of the PAR discusses the many achievements. To recap, the FLETC developed several new training programs, executed numerous training initiatives, experienced progressive growth in the international arena, and received accreditation of four FLETC training programs. We continue to expand our property and training facilities to meet the training needs of our customers, and in FY 2007 completed two new driving ranges, an indoor firing range, a simulation laboratory, a physical techniques complex, and the first phase of a new dormitory complex.

This PAR demonstrates the FLETC's compliance with financial management requirements. It was prepared in accordance with the Office of Management and Budget (OMB) guidance. The FLETC management represents that the financial and performance data contained is reliable and complete. An assessment of the FLETC's internal accounting and administrative controls and financial management systems was performed in compliance with the Federal Managers' Financial Integrity Act of 1982 (FMFIA) and the Federal Financial Management Improvement Act of 1996 (FFMIA). Management's assurances are presented in the Analysis of Systems, Controls and Legal Compliance section of the Management's Discussion and Analysis. Additionally, the FLETC underwent an independent audit of its financial statements by KPMG LLP. The independent auditors' report and related information is contained in the financial section of this PAR.

We look forward to moving ahead in the new year with our training initiatives, and meeting the ever-changing needs of our Partners. I am proud of the FLETC's commitment to provide excellence in law enforcement training to promote the freedom and protection of our homeland.



*Connie L. Patrick*

Connie L. Patrick  
Director  
Federal Law Enforcement Training Center

FLETC - Meeting the  
ever-changing needs  
of our Partners



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This report marks the 12th consecutive year that the Federal Law Enforcement Training Center (FLETC) has prepared a Performance and Accountability Report (PAR).

The report complies with the PAR format established by OMB Circular A-136 and includes a message from the FLETC's Director, Management's Discussion and Analysis Section in Part I, Strategic Plan and Performance Section in Part II, and Financial Information Section in Part III. The FLETC Chief Financial Officer's letter, Independent Auditors' Report, and the Financial Statements, Notes to the Financial Statements and Required Supplementary Information are in Part III. Part IV contains Other Supplementary Information relevant to the FLETC training operations.

A copy of the FLETC's FY 2007 PAR is available for public review and downloading at the FLETC's Web Page: <http://www.fletc.gov/reference/reports>.

Fiscal Year 2007 set the stage at the FLETC for accomplishments that are instrumental to its mission of providing exemplary training to our Partner Organizations



The FLETC continued to experience growth - in student population, new technology and buildings like the computer Simulation Laboratory operated by the Training Innovation Division.

**Performance & Accountability Report  
Fiscal Year 2007**

**Management's Discussion  
and Analysis**



**THE FEDERAL LAW ENFORCEMENT TRAINING CENTER**

**GLYNCO | ARTESIA | CHARLESTON | CHELTENHAM | ILEA BOTSWANA | ILEA EL SALVADOR**



### Introduction

The Federal Law Enforcement Training Center (FLETC) is an agency within the U.S. Department of Homeland Security (DHS). The FLETC is the leader in career-long law enforcement training, preparing law enforcement professionals to fulfill their responsibilities safely and proficiently, and ensuring that training is accomplished in the most cost-effective manner. The FLETC is an interagency organization that provides law enforcement training to the majority of Federal law enforcement personnel, while also training state, local, private sector security, and international law enforcement personnel. The number of agencies attending training and the number of students trained have steadily increased over the FLETC's 37-year history.

To accomplish our mission, the following strategic goals guide our priorities and actions:

- Provide training that enables our partners to accomplish their missions.
- Foster a high-performing workforce.
- Provide mission-responsive infrastructure.
- Optimize business practices.

## The old FLETC administration building (13) in 1974



### History

Prior to the establishment of the FLETC in 1970, the quality of training received by Federal law enforcement personnel varied greatly among Federal agencies. Standardized training was an unexplored concept, and inadequate facilities and redundancy were prevalent as each agency independently trained its own personnel. Studies conducted in the late 1960s revealed an urgent need for high-quality, cost-effective training by a cadre of professional instructors using modern training facilities and standardized course content. The U.S. Congress responded by authorizing funds for planning and constructing the Consolidated Federal Law Enforcement Training Center (CFLETC), later named the FLETC.

After beginning operations in Washington, DC, the FLETC headquarters was relocated to Glynco, Georgia in 1975. Located on the southeast Georgia coast, the Glynco training center has classroom buildings, dining and residence halls, and state-of-the-art facilities for firearms, physical,

driver, marine, and computer-based training activities. A similar, but smaller training center is located in Artesia, New Mexico. The Artesia site, which opened in late 1989, accommodates training principally for the Bureau of Indian Affairs and other law enforcement personnel located in the western United States. It now also hosts the U.S. Border Patrol Academy consolidated from various U.S. Border Patrol training sites, including a former training center in Charleston, South Carolina that had been established in FY 1996. In May 2001, the former Naval Communications Detachment facility in Cheltenham, Maryland, was transferred to the FLETC for conversion into a firearms and vehicle training facility that is used principally for in-service and re-qualification for Federal law enforcement officers and agents in the metropolitan Washington, DC area. In February 2003, Public Law 108-7 established Charleston, South Carolina as a permanent training facility within DHS to be operated under the direction of the FLETC.

Originally, only a handful of agencies trained at the FLETC. Today, the FLETC provides law enforcement training to the majority of Federal law enforcement personnel, representing 83 Federal agencies. A majority of the partner organizations have transferred portions or all of their law enforcement training operations to one of the FLETC's training sites. The Partner Organizations' training offices and academies coordinate the training activities of their personnel and conduct advanced and agency-specific training programs. Additionally, other Federal, state and local organizations, along with international law enforcement personnel, train at the FLETC on a space-available basis. The growth in the number of agencies that train at the FLETC clearly substantiates the success and resiliency of the consolidated training concept, as well as the quality and cost effectiveness of the training provided to the clientele.

### Mission

The FLETC's mission is to serve as the Federal government's leader for and provider of world-class law enforcement training. We prepare new and experienced law enforcement professionals to fulfill their responsibilities safely and proficiently. The average basic student receives instruction in all phases of law enforcement from firearms and high-speed vehicle operations to legal case instructions and defendant interview techniques. We accommodate the students' housing, food, laundry and subsistence needs to allow them to totally focus on their training. We also ensure that training is provided in the most cost-effective manner by taking advantage of economies of scale available only from a consolidated law enforcement training organization.

We are committed to providing strong, collaborative leadership for law enforcement training. Working as partners with client agencies, including state, local and international organizations, we identify ways that research, training, and education can be used to protect our

democratic institutions, ensure public safety, and preserve law and order.

Major instructional areas include firearms, driver training, physical techniques, legal, counterterrorism, forensics and investigative technologies, computer and financial investigations, and behavioral science. The major portion of the FLETC's training activity is devoted to basic programs for criminal investigators and uniformed police officers who have the authority to carry firearms and make arrests. The basic programs consist of classroom instruction and hands-on practical exercises. Students must apply their classroom knowledge during exercises that simulate typical situations encountered on the job. To add realism, these exercises often involve role players who act as victims, witnesses or suspects.

At the FLETC, students learn not only the responsibilities of law enforcement personnel, but through interaction with students from many other agencies, they also become acquainted with the missions and duties of their colleagues. This interaction provides the foundation for a more cooperative Federal law enforcement effort.

The instructor cadre at the FLETC consists of permanent FLETC employees and Federal officers and investigators on short-term detail assignment from their parent organizations. This mix of permanent and detailed instructors provides a balance of experience and fresh insight from the field.

### Organization

The FLETC, whose senior manager is the Director, is organized into six directorates. The following describes the elements in the Table of Organization:

**Office of the Director:** The Office of the Director administers the activities of the FLETC and is responsible for accomplishing its mission. The Director provides overall direction for the operation of the FLETC's programs with the objective of ensuring effective, efficient and

Newly remodeled Building 681 opened to FLETC divisions and Partner Organizations in 2007



economical administration. The Director develops, manages and directs the FLETC's programs. Staff attached to this office include the Office of the Deputy Director, Senior Associate Director for the Washington Operations, Chief of Staff, who provides management oversight for the Equal Employment Opportunity and Public Affairs, Office of Chief Counsel, and the Inspection and Compliance Division. The staff assist the Director in accomplishing the mission of the FLETC by providing coordination, public affairs, legal counsel, and other activities.

**Senior Associate Director for Washington**

**Operations:** Serving as the Director's surrogate in Washington, DC, the Senior Associate Director provides legislative support and DHS and OMB coordination. The following offices report to the Senior Associate Director for Washington Operations.

- **Office of International Training and Technical Assistance:** This office provides oversight for the administration and delivery of international law enforcement training programs. The office plans, develops, and presents training courses and

practical exercise applications related to international law enforcement training.

- **International Law Enforcement Academy (ILEA) Gaborone, Botswana, Africa:**

This division provides management direction for the Botswana ILEA.

- **International Law Enforcement Academy (ILEA) San Salvador, El Salvador:**

This division provides management direction for the Latin America ILEA.

- **Chief Financial Officer (CFO)**

**Directorate:** This directorate plans and directs the activities related to the FLETC's budget, financial systems and strategic plans. This office administers the integration of planning and performance measurement activities with budget formulation and execution. This office ensures the integrity of financial records and performs periodic reporting of financial activities. The CFO Directorate consists of three subordinate divisions,

and the Federal Law Enforcement Training Accreditation's Office of Accreditation:

- **Budget Division:** This division prepares the FLETC budget submission for DHS, OMB, and Congressional levels, executes the fiscal year appropriations for the bureau, and develops cost data for training programs.
- **Finance Division:** This division directs the financial management system including all accounting and reporting of financial activities, administers the core financial management software, and provides accounting services involving accounts payable, accounts receivable, payroll, and travel.
- **Strategic Planning and Analysis Division:** This division develops the FLETC Strategic Plan and researches, develops, recommends and documents policies and procedures, conducts management analysis and competitive sourcing, and reports performance goals and measurements.

**Office of the Deputy Director:** The Deputy Director assists the Director and acts, in her behalf during her absence, in administering the activities of the FLETC. The Deputy Director provides overall direction to the five subordinate directorates for the operation of the FLETC's programs. In addition, other staff attached to this office include the Security and Emergency Division, and the Special Investigations Division.

- **Training Directorate:** Consisting of two major subordinate offices, the Offices of Training Applications and Training Operations, this directorate administers all

law enforcement training activities at the FLETC headquarters.

- **Office of Training Applications:** This office directs faculty and staff and manages programs in support of basic, advanced and specialized law enforcement training. There are five faculty elements within the Office of Training Applications.
  - **Behavioral Science Division:** This division plans, develops, and presents formal training courses and practical exercise applications related to the area of interpersonal relations including interviewing, handling crisis situations, professional ethics, conduct, sexual harassment, cultural sensitivity, and oral and written communications.
  - **Physical Techniques Division:** This division plans, develops, and presents formal training courses and practical exercise applications related to trauma management and cardiopulmonary resuscitation, self defense, arrest techniques, physical fitness, safety and water survival. This division is also responsible for special use equipment and facilities assigned to the specific training area.
  - **Legal Division:** This division plans, develops, and presents formal training courses and practical exercise applications related to the U.S. Constitution, applicable case law, statutory provisions, criminal law and evidence procedures.
  - **Firearms Division:** This division plans, develops, and presents formal

**The FLETC prepares new and experienced law enforcement professionals to fulfill their responsibilities safely and proficiently.**

training courses and practical exercise applications related to the specialized and technical nature of law enforcement armament and weaponry. This division is also responsible for the special use equipment and facilities assigned, including the armory, which provides FLETC-wide armament and weaponry security, repair, and maintenance services.

- **Law Enforcement Leadership Institute:** This division plans, develops, and presents formal training courses and practical exercise applications related to managing and supervising law enforcement operations.
- **Office of Training Operations:** This office directs faculty and staff, manages programs in support of basic, advanced and specialized law enforcement training, and administers the FLETC accreditation program. There are five faculty elements within the Office of Training Operations.
  - **Enforcement Operations Division:** This division plans, develops, and presents formal training courses and practical exercise applications related to various law enforcement operational procedures ranging from undercover and surveillance activities to the execution of search warrants. This division also provides the overall coordination for practical exercises.
  - **Forensics and Investigative Technologies Division:** This division plans, develops, and presents formal training courses and practical exercise applications related to various
- criminalistic skills and knowledge, including laboratory and crime scene activities.
  - **Computer and Financial Investigations Division:** This division plans, develops, and presents formal training courses and practical exercise applications related to the investigation of white collar crime violations, computer fraud, and microcomputer applications in law enforcement. This division is also responsible for the special use equipment and facilities assigned to this specific training area.
  - **Driver and Marine Division:** This division plans, develops, and presents formal training courses and practical exercise applications related to the specialized nature and use of vehicles and vessels, including search techniques and operational procedures in a law enforcement environment. This division is also responsible for the special use equipment and facilities assigned to these specific training areas.
  - **Counterterrorism Division:** This division plans, develops, and presents formal training courses and practical exercise applications related to anti-terrorism, counter-terrorism, and physical security.
- **Training Innovation and Management Directorate:** Consisting of two major subordinate offices, the Office of Training Management and the Office of Training Support, this directorate provides consistent allocation, management and coordination of training programs, promotes the innovative enterprise-wide development

**Work continued on the FLETC's new Counterterrorism Operations Training Facility in 2007**

The FLETC teamed up with its Partner Organizations to develop the CTOTF. It combines a reprogrammed Building 76 with an International and Intermodal sites. This facility will train students in a variety of environments using many different vehicles.



**CTOTF**

and application of training technology, and facilitates the integration of training activities with emerging technologies.

- **Office of Training Management:** This office provides oversight to three divisions.
  - **Evaluation and Analysis Division:** This division provides institutional research, consultation services, student evaluation and testing, and program validation studies.
  - **Training Management Division:** This division provides administrative assistance, including the coordination of advanced training activities; serving as the repository for lesson plans, syllabi, class reports, and student performance records; developing

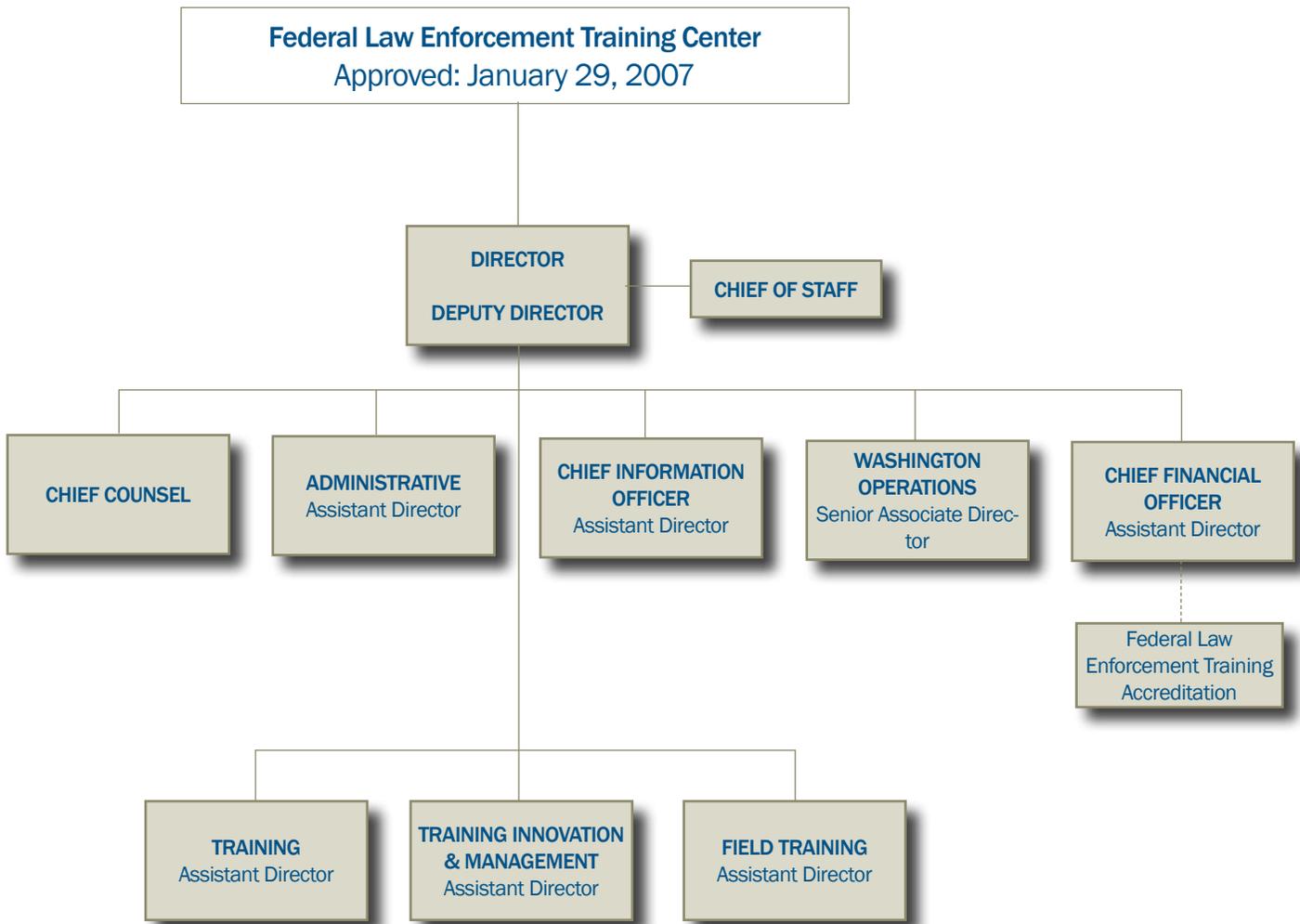
- optimal scheduling plans to meet training requirements; and developing both long and short range plans for training operations.
  - **Training Resource Coordination Division:** This division provides training logistical support, including the scheduling of training programs, activities, and facilities.
- **Office of Training Support:** This office provides services and materials that most directly relate to the training mission. It consists of the following three divisions:
  - **Training Innovation Division:** This division identifies, researches, and evaluates emerging technology for application in law enforcement training.

- **Media Support Division:** This division provides a full range of media and graphic arts services for all basic and advanced training activities including visual/media production, learning resource services, and printing/reproduction.
- **Student Services Division:** This division provides physical therapy, student recreation, and contractual support for health services, lodging, meals, student records maintenance, and other contractual services.
- **Field Training Directorate:** This directorate provides oversight of Federal and non-Federal field training functions, including state, local and international law enforcement training activities, as well as management of the FLETC's field training sites in New Mexico, Maryland, and South Carolina, and International Law Enforcement Academies in Botswana and Latin America.
  - **Office of Artesia Operations:** This office administers the delivery of law enforcement training programs in Artesia, New Mexico, hosts the U.S. Border Patrol Academy, and manages all logistical and support activities for Artesia, including various contractual services for lodging, food, base maintenance and other support services.
  - **Office of Cheltenham Operations:** This office administers the delivery of law enforcement training programs in Cheltenham, Maryland and manages all logistical and support activities for its operation.
  - **Office of Charleston Operations:** This office administers the delivery of law enforcement training programs in Charleston, South Carolina.
  - **Office of State and Local Law Enforcement Training:** This office presents specialized program offerings that enhance networking and cooperation between Federal, state, and local law enforcement agencies. These programs vary in length from three days to four weeks and have an average class size of 25 students. Additionally, technical assistance is provided to state and local law enforcement agencies' training initiatives.
- **Administration Directorate:** This directorate plans, directs and coordinates the FLETC's administrative programs and objectives. It formulates policies and courses of action for programs, which include staffing requirements, administrative services, human resources, procurement, property management, facilities management, environmental and safety program management, and the critical incident stress management program. The two major offices within the directorate consist of the Assets Management and Operations Support.
  - **Office of Assets Management:** This office provides managerial oversight to three divisions for the regulatory environmental compliance and risk exposure, acquisition, management, and disposal of assets
    - **Environmental and Safety Division:** This division administers the environmental and safety program for the agency and ensures compliance with the applicable environmental and safety laws and regulations.

- **Procurement Division:** This division develops and administers the procurement and contracting program at the FLETC.
- **Property Management Division:** This division plans and directs the overall property management program including real property and non-expendable personal property at the FLETC.
- **Office of Operations Support:** The office is responsible for the monitoring of impact costs related to the reliability, availability, maintainability, performance, and longevity of physical assets. The office directly supervises the Human Capital Planning, and Human Resources Division, and also administers the Critical Incident and Stress Management program.
- **Facilities Management Division:** This division develops and administers the facilities management program, including maintenance, alterations, emergency service, repairs and preventive maintenance for all buildings, grounds and equipment. It also coordinates all in-house, GSA or contract construction/ alteration operations, and provides professional engineering services and assistance.
- **Human Resources Division:** This division develops and administers the human resources policies and programs at the FLETC and also conducts workforce and organizational assessments, workforce structuring and planning, studies and analysis, external marketing and diversity programs, and employee development programs.
- **Chief Information Officer Directorate:** This directorate manages two divisions in support of the FLETC's initiative for expanding electronic government, overall information technology (IT) planning function, coordination of IT expenditures and activities, and compatibility of IT equipment and service acquisitions.
- **Operations/Support Division:** This division supports FLETC IT infrastructure operations and maintenance.
- **Information Technology Solutions Management Division:** This division supports project planning, acquisition, and implementation activities. It also coordinates the implementation of leading edge technologies to support law enforcement training.

In 2007 the FLETC brought online its new television production studio operated by the Media Support Division

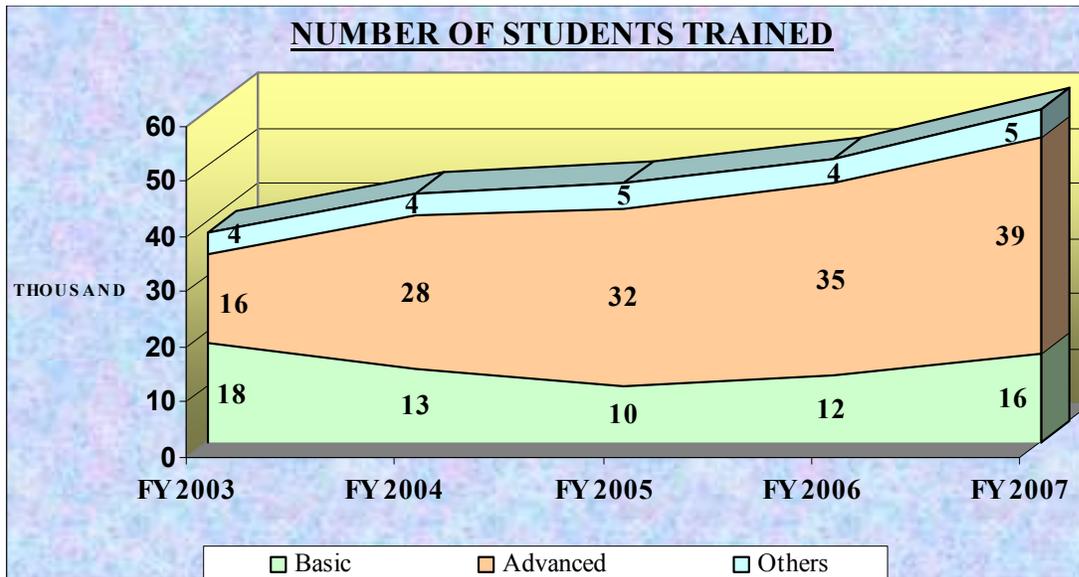




The FLETC provides training for over 80 Partner Organizations at four different locations in the country, and several international training assistance programs worldwide.

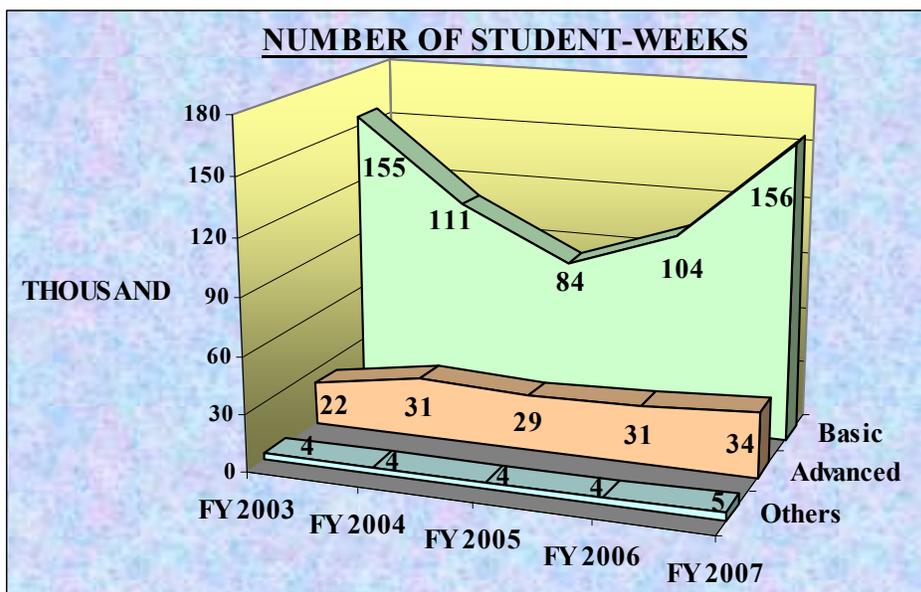
# Workload Statistics

## Number of Students Trained FY 2003 – FY 2007



The number of students trained has grown consistently over the past five years. The number of students in FY 2007 is approximately 60 thousand, an increase of nine thousand, or 18%, from FY 2006, and by 22 thousand, or 58%, since FY 2003.

## Number of Student-Weeks of Training FY 2003 – FY 2007



Student-weeks in FY 2007 were approximately 195 thousand, which represents an increase of 56 thousand, or 40%, over FY 2006. A large part of the training increase was in support of the Secure Border Initiative.

**Training Conducted by Site and Category - FY 2007**

CATEGORY	STUDENTS	STUDENT-WEEKS	ARSP *	PERCENT OF TOTAL STUDENT-WEEKS
<b>GLYNCO</b>				
Basic	12,262	98,130	1,887	50.4%
Advanced	11,998	17,110	329	8.8%
State & Local	640	948	18	0.5%
Subtotal	24,900	116,188	2,234	59.7%
<b>ARTESIA</b>				
Basic	2,784	54,236	1,043	27.9%
Advanced	1,903	2,453	47	1.3%
State & Local	-	-	-	0.0%
Subtotal	4,687	56,689	1,090	29.1%
<b>CHARLESTON</b>				
Basic	280	1,399	27	0.7%
Advanced	4,141	8,950	172	4.6%
State & Local	45	90	2	0.0%
Subtotal	4,466	10,439	201	5.3%
<b>CHELTENHAM</b>				
Basic	763	2,363	45	1.2%
Advanced	19,589	4,018	78	2.1%
State & Local	94	61	-	0.0%
Subtotal	20,446	6,442	123	3.3%
<b>EXPORT</b>				
Advanced	1,749	1,512	29	0.8%
State & Local	3,294	2,126	41	1.1%
International	916	1,324	25	0.7%
Subtotal	5,959	4,962	95	2.5%
<b>RECAP</b>				
Basic	16,089	156,128	3,002	80.2%
Advanced	39,380	34,043	655	17.5%
State & Local	4,073	3,225	61	1.7%
International	916	1,324	25	0.7%
Total	60,458	194,720	3,743	100.0%

\* Average Resident Student Population

## Training Conducted by Site and Category – FY 2006

CATEGORY	STUDENTS	STUDENT-WEEKS	ARSP *	PERCENT OF TOTAL STUDENT-WEEKS
<b>GLYNCO</b>				
Basic	9,449	72,234	1,389	51.9%
Advanced	11,665	15,634	301	11.2%
State & Local	543	907	17	0.7%
Subtotal	21,657	88,775	1,707	63.8%
<b>ARTESIA</b>				
Basic	1,514	29,922	575	21.5%
Advanced	3,264	4,314	83	3.1%
State & Local	21	16	-	0.0%
Subtotal	4,799	34,252	658	24.6%
<b>CHARLESTON</b>				
Basic	191	946	18	0.7%
Advanced	2,380	6,521	125	4.7%
State & Local	84	64	1	0.0%
Subtotal	2,655	7,531	144	5.4%
<b>CHELTENHAM</b>				
Basic	347	1,063	20	0.8%
Advanced	16,847	4,002	77	2.9%
State & Local	305	121	2	0.1%
Subtotal	17,499	5,186	99	3.7%
<b>EXPORT</b>				
Advanced	1,144	1,043	20	0.7%
State & Local	2,963	2,037	39	1.5%
International	532	368	7	0.3%
Subtotal	4,639	3,448	66	2.5%
<b>RECAP</b>				
Basic	11,501	104,165	2,002	74.8%
Advanced	35,300	31,514	606	22.6%
State & Local	3,916	3,145	59	2.3%
International	532	368	7	0.3%
Total	51,249	139,192	2,674	100.0%

\* Average Resident Student Population

The FLETC provided 194,720 student-weeks of training to 60,458 law enforcement agents and officers during FY 2007. Of the total student-weeks, 80% and 18% were attributed to the basic and advanced training programs, respectively.



## FY 2007 HIGHLIGHTS

The FLETC continues to strengthen its operations in order to fulfill its mission and to support the needs of Partner Organizations. During FY 2007, the following notable accomplishments were achieved.

- **New Training Programs Developed**

**Critical Infrastructure/Key Resources Protection Qualification Training Program (CIKRTP).** The Counterterrorism Division, in furtherance of a Memorandum of Agreement between the FLETC and Department of Homeland Security's Office of Infrastructure Protection, piloted and implemented the CIKRTP. Homeland Security Presidential Directive-7 directs the Secretary (of Homeland Security) to establish uniform policies, approaches, guidelines,

and methodologies for integrating Federal infrastructure protection and risk management activities within and across sectors along with metrics and criteria for related programs and activities. This program was built specifically to support this mission. The curriculum was developed consistent with the National Infrastructure Protection Plan (NIPP) with the main goal of providing baseline, core skills training for personnel who protect the nation's critical infrastructure and key resources.

**Protective Service Operations Training Program (PSOTP).** The Counterterrorism Division, in partnership with the Protective Services Working Group, Diplomatic Security Service, U.S. Secret Service, the Naval Criminal Investigative Service, among others, piloted and implemented the PSOTP. This three-week program was designed to provide specialized training to personnel who conduct protective service

...core skills training for personnel who protect the nation's critical infrastructure and key resources.



operations for executive-level leaders who may be potential targets of terrorism and/or criminal acts. Emphasis is placed on the full spectrum of protective operations including Doctrine and Terminology, Coordination and Mission Planning, Protective Service Motorcade Operations and many other areas. Training culminates with a grueling, comprehensive practical exercise. The primary goal of this training is to standardize training and operating procedures among members of Federal agencies who conduct dignitary protection missions.

**National Investigative Interviewing Training Program (NIITP).** The Behavioral Science Division successfully conducted a pilot and three renditions of the NIITP at Glynco, GA. The NIITP was designed for the Federal Investigator, Officer, Inspector, Auditor, Regulator, Analyst and other Investigative Specialists who may be in support of the Criminal Investigator. The NIITP was designed

to introduce students to skills necessary to obtain both detailed and accurate information during the course of an interview. The program combines instruction with laboratories and a practical exercise designed to enable participants to sharpen existing interviewing skills while practicing new skills.

**Wildland Fire Origin and Cause Determination (WFOCD).** The Forensics and Investigative Technologies Division exported the WFOCD to 13 locations throughout the United States and trained over 290 students. Wildland fires result in tremendous devastation of public resources and private property. The increasing frequency of these types of fires has brought on a need for additional, specially trained fire investigators. The WFOCD is based on the certification standards and training programs for wildland fire investigators put in place by the National Wildfire Coordinating Group. The WFOCD focuses on fire behavior and burn

pattern indicators, fire investigation methodology, fire scene evidence, ignition factors and sources, arson recognition, and court preparation and testimony. This program culminates in a six-hour practical exercise where students work as a team to investigate and document a wildland fire case. Teams determine the fire origin, collect evidence, conduct interviews, and document the case.

**Advanced Forensic Techniques in Crime Scene Investigations II (AFTCSI II).** The Forensics and Investigative Technologies Division conducted its first AFTCSI II at Glynco, GA. The AFTCSI II is a 10-day course for agents and officers who, upon completion of the program, will have the necessary skills to coordinate the processing of a complex crime scene. Some of the topics included in the program are advanced crime scene photography techniques, bloodstain pattern analysis, chemical processing for latent prints and blood impressions, complex crime scene investigations, entomology, forensic autopsies, forensic light applications, subsurface crime scenes, and terrorist crime scenes. Classroom lectures are followed by laboratories and practical exercises where the students use the skills that were just presented to them.

**Wildland Fire Investigation Case Development (WFICD).** The Forensics and Investigative Technologies Division conducted a pilot program for WFICD in Glynco, GA. This recently approved Center Advanced training program was designed to provide the crucial skills necessary for wildland fire investigators to conduct and manage complex, wildland fire investigations, particularly where serial arson is involved. The WFICD is a combination of lecture, laboratories, and a practical exercise. This one-week program covers case organization and documentation, behavior evidence analysis, investigation team management, physical evidence management, and wildland arson investigative techniques. In the laboratories and the final practical exercise, student teams plan,

analyze, organize, and conduct a complex, serial arson investigation.

**Advanced Law Enforcement Problem Solving Training Program (ALEPSTP).** The Behavioral Science Division successfully conducted a pilot of the ALEPSTP in Washington, D.C. The ALEPSTP was designed to combine current crime theories with a specific problem identified by the participants and would be relevant to a participating law enforcement agency. The participants are able to use these crime theories in order to understand how the problem occurred and develop a plan to prevent the problem from reoccurring. The participants use web-based tools to develop a custom learning path, collaborate with team members using an on-line discussion forum, and are evaluated by an online assessment instrument.

**United States Border Patrol Integrated Program (USBPI).** In collaboration with the United States Border Patrol, a new 55-day Border Patrol training program and 40-day Spanish immersion program were created. These new programs will allow the Border Patrol to graduate Spanish-speaking students at an accelerated rate.

- **Training Initiatives**

**Support to DOJ National Procurement Fraud Task Force (NPFTF).** The Computer and Financial Investigations Division (CFI) is developing an eight and one-half day Procurement Fraud Investigation Training Program to be delivered at multiple locales around the nation in response to the growing national concern with fraud perpetrated in government procurement and grant programs. As a result of this growing concern, the NPFTF was established by the Deputy Attorney General in October 2006. As a member of the Training Committee of the NPFTF, the FLETC tasked the CFI to conduct a needs assessment to determine the training requirements in the procurement

**A new 55-day Border Patrol training program and 40-day Spanish immersion program were created.**

New programs will allow the Border Patrol to graduate Spanish-speaking students at an accelerated rate.



and grant fraud areas. A thriving requirement to train an adequate cadre of investigators was soon recognized, and the CFI assumed an integral part in designing and delivering training solutions. Additionally, the CFI reconstituted the National Suspension and Debarment Training Program to provide fraud investigators necessary skills to support administrative actions to protect government interests during the conduct of complex and drawn out investigations. As the fiscal year came to a close, the Grant Fraud Committee of the NPFTF requested that the CFI also develop a Grant Fraud Investigation Training Program for which work has recently begun.

**Support to National Counter–Narcotics Initiatives. The Computer and Financial Investigations Division (CFI)**, in support the U.S. government’s ongoing southern hemisphere counter drug initiatives, was requested to conduct a series of money laundering investigation training sessions over a two-year period ending in May 2007. Training to Colombia entailed delivery of ten one-week training sessions in

Bogota for Colombian law enforcement and prosecutors focused on the latest investigative techniques applied within the host nation’s legal and investigative authorities. Based on positive feedback throughout the region, a similar program was provided to investigators in Costa Rica in April 2007. Additional requirements in the Caribbean basin have been identified by the U.S. Attorney in Puerto Rico for which planning is underway for 2008.

**Growth in Interdisciplinary LE Intelligence Training.** The Computer and Financial Investigations Division (CFI) is conducting financial investigation training for the Threat Financing Intelligence units for U.S. Central Command and has been requested to provide similar training for U.S. Special Operations Command. The amorphous, global and interconnected nature of today’s criminal and terrorist adversary has prompted the law enforcement and intelligence communities to seek additional capabilities not traditionally thought of as being in either’s domain. CFI’s

financial investigations training program has routinely been attended by select analysts from the Central Intelligence Agency and the Defense Intelligence Agency as well as the Financial Crimes Enforcement Network. However, such attendance has been expanded to non-traditional clients to account for the new threat environment. Additionally, a financial investigations training program conducted at the National Drug Intelligence Center in May of 2007, drew over 100 attendees, many from the Washington based national security intelligence community. On the law enforcement side, the U.S. Army Criminal Investigations Command has submitted training request to FLETC for FY 2008 in both the financial investigation areas and intelligence arenas. This is due to the recognized linkage between frauds in national security contracting, expenditures for the ongoing war in Iraq, and the need to link

**Training of individual ATF intelligence personnel will be incorporated as a matter of course upon hiring by the ATF, thus giving the entire field intelligence infrastructure in the ATF a commonly held and shared approach to law enforcement intelligence.**

financial crimes to growing terrorist capabilities. Similarly, CFI was approached earlier in 2007 to be an integral part in a new approach to career development for the cadre of Intelligence Research Specialists (IRS) from the Bureau of Alcohol, Tobacco and Firearms (ATF). By the end of 2007, CFI will have provided sufficient baseline training for each ATF IRS in the Intelligence Analyst Training Program (IATP). Training of individual ATF intelligence personnel will be incorporated as a matter of course upon hiring by the ATF, thus giving the entire field intelligence infrastructure in the ATF a commonly held and shared approach to law enforcement intelligence. Similarly, the U.S. Army Criminal Investigations Command FY 2008 request is for the same baseline capability for intelligence specialists embedded as the resident

agency level. Taken together, the interdisciplinary nature of intelligence and investigative training observed in 2007 is a harbinger of increased need and for a more integrated approach where information is treated as a broad cross discipline commodity regardless of traditional law enforcement or intelligence orientations.

#### **Advancements in Cyber Investigative Training.**

The Computer and Financial Investigations Division (CFI), in response to the needs of partner agencies and the nation's state and local law enforcement community, piloted and implemented the First Responder to Digital Evidence Training Program (FRDE). This program is designed to meet the needs of officers who will likely encounter digitized evidence and must be trained on proper identification and preservation procedures. The CFI submitted the FRDE program to the National Integration Center (NIC), formerly the Office of Grants and Training (G&T), and received approval for its addition to the list of grant eligible Federal terrorism training courses, the first accomplishment for a program of this kind at the FLETC. Additionally, in response to

overwhelmingly expressed field investigative needs, the CFI conducted an intensive needs assessment and development efforts designed to provide officers skills for the exploitation of information contained in mobile computing devices. The Mobile Device Investigations Training Program is expected to debut in 2008 and be submitted for inclusion of the list of grant eligible Federal terrorism training courses.

#### **Growth in Technical Investigative Training Capabilities.**

The Computer and Financial Investigations Division (CFI), recognizing the increasingly information centric focus of contemporary criminal investigations, has initiated a three prong strategy to enhance the ability to meet the future demand for technical

skills training. The first prong of this strategy includes both the recent completion of a new temporary technical training developmental lab followed by the design and planned construction of a consolidated technical training facility which will house programs from both the CFI and the Forensics and Investigative Technologies Division (FIT). A training facility optimized and dedicated to the capture, tracing, analysis and verification of digital evidence and intelligence will house current and future training programs in cyber forensics and investigations as well covert electronic surveillance, tracking and audio/video analysis. The second prong of the strategy involved continued enhancement of FLETC's ability to consult and conduct collaboration with public and private research entities. Following up on the 2006 establishment of Cooperative Research and Development Authority (CRADA), the CFI continued to sponsor Armstrong Atlantic State University computer science students into technical training programs to facilitate their development as potential future law enforcement officers. Additional relationships are in the process of being formalized with the National Center for Forensics Science at the University of Central Florida and DHS Science and Technology Directorate in order to present technical training research requirements to bodies funded and organized to develop new training approaches and investigative tools. The third prong of the strategy involves continued integration of technical training capabilities broadly across all FLETC training programs through the FLETC "Train 21" initiative. Designed to enhance an officer's personal technical capability, their capability to operate in information saturated interagency information environment and their ability to operate within a terrorist or criminal adversary's information domain to collect evidence and intelligence; "Train 21" will be the mechanism to produce tomorrow's law enforcement officer as being equally adept leveraging technology as they

are employing tactics.

The FLETC, in cooperation with the Department of State's Law and Democracy, International Narcotics Control, and Anti-Crime Programs provided foreign law enforcement training in areas that directly support the DHS' counterterrorism efforts. Training was conducted in many different countries around the world on topics such as

**A training facility optimized and dedicated to the capture, tracing, analysis and verification of digital evidence and intelligence...**

money laundering and financial crimes, officer safety and survival, first responder digital evidence, financial forensics, use of force, leadership, criminal investigations, and border security investigations. FLETC also provided training at the International Law Enforcement Academies in Budapest, Bangkok, Gaborone, and San Salvador.

FLETC successfully implemented the first Commercial Vehicle Operations Counterterrorism Program in the United States and completed training for 170 state and local officers in jurisdictions across the country.

**• Field Training Accomplishments**

▪ Office of Artesia Operations (OAO): The FLETC continues as the leader in the drive to support the President's Secure Border Initiative (SBI) by training of additional Border Patrol Agents. In addition to Border Patrol training, the vital training of Federal Flight Deck Officers (FFDO) and Federal Air Marshals is on-going. The Bureau of Indian Affairs, Indian Police Academy (IPA) continues to remain at a high level at OAO. As stated by DHS Secretary Michael Chertoff during a recent visit to Artesia, "BIA Officers are the first line responders to terrorism issues, and are vital to the security of this country." In FY07, 56,689 student-weeks of training was conducted at FLETC-Artesia. This number equates to an increase of

66% over FY06. The increase included 3,900 were Border Patrol students.

- **Office of Charleston Operations (CHS):**

The FLETC successfully completed two critical Maritime Curriculum Development Conferences (CDC) and pilot programs for the Commercial Vessel Boarding Training Program (MLATP) and Commercial Vessel Training Program (CVBTP). The MLATP was developed in partnership with the Naval Criminal Investigation Service (NCIS), United States Coast Guard (USCG) Investigation Service, and the Federal Bureau of Investigation (FBI), operating under the National Strategy for Maritime Security-Maritime Threat Response (MOTR). The CVBTP is designed to provide training for Federal, state and local law enforcement officers and military personnel in conducting the boarding and search of High Interest Vessels (HIV's), both underway and in port.

- **Office of Cheltenham Operations (OCH):** During FY07 an additional six Federal law enforcement agencies submitted Memorandums of Agreement (MOA) or Training Center Use Agreements to conduct training at OCH. The number of Partner Organizations (POs) authorized to train at OCH is now 66.

**OSL has delivered 50 programs across the U.S., and Puerto Rico, in 29 states, reaching over 1,800 law enforcement officers and other first responders from 300 different agencies.**

- **Office of State & Local Training (OSL):** The Office of State and Local Training (OSL) exports tuition-free training across the United States, and registers these officers in FLETC Advanced training Programs. By the end of FY07 the FLETC has trained approximately 4,000 state, local, campus, and tribal law enforcements officers in such topics as Intelligence Awareness, Anti-

Terrorism, First Response, Drug Enforcement, Domestic Violence, and many other advanced training Programs. OSL partnered with several agencies and organizations to facilitate and increase training delivery to their clients. These partnerships include the Office of Violence Against Women and the Bureau of Justice Assistance, Department of Justice; Training and Education Division, Federal Emergency Management Agency, Department of Homeland Security; Multi Jurisdictional Counter Drug Task Force, St. Petersburg College, and the International Association of Campus Law Enforcement Administrators (IACLEA).

OSL has developed and delivered a number of training programs to help prepare their clients to better respond to natural or manmade critical incidents and disasters, among these are Introductory Intelligence Awareness Training Programs. From FY04 to FY07, OSL delivered 100 iterations of this program to over 3,000 law enforcement officers, representing over 1,000 different agencies. Another popular program is the First Responder Training Program. This program provides guidelines and resources that can be considered for future responses by law enforcement personnel in case of major incidents. Since the inception of this program in 2002, OSL has delivered 50 programs across the U.S., and Puerto Rico, in 29 states, reaching over 1,800 law enforcement officers and other first responders from 300 different agencies. Graduates of the program include several first responders at the recent Minneapolis bridge collapse.

- **Physical Plant Additions in Support of the FLETC Mission:**

The FLETC completed two new Driving Ranges at the Artesia, New Mexico site which are being used daily for the surge of Customs and Border Protection (CBP) students under the Secure Border Initiative (SBI). These ranges greatly improve FLETC-Artesia's ability to train all students in

pursuit, night driving and evasive driving classes. The Physical Techniques Complex expansion in Artesia was completed during FY 2007. The addition to the Complex included an Olympic-sized swimming pool which now provides training venues for water safety, survival swimming, conditioning, life guard training, and officer survival a-float training.

The first phase of the new 608-room Dormitory Complex in Artesia was completed in September 2007, with the balance of the 160

rooms expected to be ready in December 2007. Additionally, in July 07, the FLETC brought on line three temporary modular dormitories. Each building contains 30 rooms and a central shower/bathroom facility. Each room is quad-bunked providing total bed space for 360 students.

A new indoor firing range was completed in FLETC's Charleston, South Carolina facility for use by both DHS and partner law enforcement agencies.

An office building was completed at FLETC headquarters in Glynco and now houses the Bureau of Alcohol, Tobacco, Firearms, and Explosives National Academy.

FLETC celebrated the grand opening of a new Simulation Laboratory on February 14, 2007. The facility will integrate technology and simulation into law enforcement training. FLETC team members will test and evaluate new simulation systems within the approximately 40,000 square-foot lab. The facility features an open-bay area for simulators, and eight classrooms designed to facilitate tabletop, computer-based simulation exercises.

- **Development of a Rapid Response Team in the Botswana Police Service:**

The FLETC, with the cooperation of the Botswana government and the Botswana Police Service (BPS) developed and conducted the first ever

rapid response training for the BPS. This training provided tactical operational procedures and hostage negotiations training to BPS SWAT team members. The training was designed to equip officers with skills that would enable them to deal with a high level risk situation, rescue operations and hostage negotiations. Specifically, the training was geared towards equipping officers with specific needs in handling volatile situations such as vehicle assault, vehicle combat, close quarter combat

**A new indoor firing range was completed in FLETC's Charleston, South Carolina facility for use by both DHS and partner law enforcement agencies.**

and hostage rescue operations. The training was attended by 22 members of the BPS, composed of 8 hostage negotiators and 12 operators. The FLETC facilitated Rapid Response Training will go down in the archives of the BPS as another concerted exercise that has bolstered the bonds of trust that exist between the people of Botswana and USA.

- **International Training & Technical Assistance Accomplishments:**

The International Training & Technical Assistance Division (ITT), which serves as the primary point of contact and official liaison between the FLETC and foreign governments, U.S. Embassies and certain other organizations, coordinated the attendance of 14 non-U.S. citizens at Center Advance Training Programs during FY 2007. Additionally, in conjunction with the Public Affairs Office, the ITT hosted visits and tours of the FLETC by delegations from Australia, the British Virgin Islands, Chile, Kazakhstan, Poland, Singapore and Ukraine in FY 2007. Delegations from Columbia, China and Korea visited in September 2007.

- **ILEA San Salvador:**

From October 1, 2006 through September 30,

2007, the ILEA San Salvador in San Salvador, El Salvador graduated ten (10) one-two week specialized training programs and three (3) six-week Law Enforcement Management Development Program (LEMEDP) core programs for 746 students. During October 1, 2006 through September 30, 2007, the ILEA Latin America - Regional Training Center in Lima, Peru had 364 students graduate from eleven (11) one-two week specialized training programs.

- **ILEA Gaborone:**

From October 1, 2006 through September 30, 2007, the ILEA Gaborone in Gaborone, Botswana graduated fourteen (14) one-two week specialized training programs and four (4) 6-week core Law Enforcement Executive Development (LEED) programs for a total of 600 students. The ILEA in Gaborone is now providing training to law enforcement officers from 23 African countries.

- **Bilateral Programs:**

**Malaysia:** In early 2007, two FLETC instructors from Computer and Financial Investigations Division (CFI) and one Program Specialist from the International Training and Technical Assistance Division (ITT) traveled to Malaysia to oversee delivery of Digital Evidence Acquisition Specialist

**Over the last several years the country of Costa Rica has assisted the United States Government in several significant investigations...**

Training Program (DEASTP – Malaysia). This program followed upon the 2006 training in which two IRB personnel spent 8 weeks shadowing FLETC instructors from CFI to learn everything involved from start to finish in preparing for, updating, and delivering the modified DEASTP. FLETC assisted the Malaysian instructors as they delivered DEASTP to 24 students. With the delivery of DEASTP - Malaysia, the FLETC successfully concluded a multi-year, joint effort with the Inland

Revenue Board (IRB) of Malaysia's National Tax Academy training 72 investigators and preparing three IRB personnel as future trainers. As a result of this training IRB investigators are better able to secure, acquire, handle, and investigate digital evidence, all while maintaining the integrity of the original evidence.

**Moldova:** The FLETC, in cooperation with the United States Embassy, Chisinau, presented a training program on "Basic Officer Safety & Survival Tactics" in November 2006 at the Moldovan Customs Academy in Chisinau, Moldova. Graduation certificates were presented to the 30 program participants by United States Ambassador Michael D. Kirby and Moldovan Customs Director General Feodosia Furculita. Regional Security Officer Cameron Burks was presented the Moldovan Cross of Merit in January 2007, for advancing the working relationship between United States and Moldovan law enforcement officials through the presentation of programs like this.

**Botswana:** In anticipation of Botswana Police Service security operations for the 2010 World Games in South Africa, FLETC presented a "Precision Rifle Observer, Tactical Operations and Hostage Negotiations" from March 12 through 23, 2007 in Gaborone Botswana. The FLETC Firearms Division, Office of State and Local, Jacksonville Florida Sheriffs Office, and the Tallahassee Florida Police Department trained twenty-four members of the Botswana Police Service.

**Costa Rica:** Over the last several years the country of Costa Rica has assisted the United States Government in several significant investigations, and without their cooperation the US would not have been able to prosecute the individuals involved. The country of Costa Rica has continued their cooperation, by providing the IRS-CI with leads from their Financial Investigative Unit (FIU), in which US citizens are conducting suspicious financial transactions. In addition, they are continuously assisting other Federal agencies in

extradition matters. At the request of the IRS, the FLETC conducted a six-day seminar on money laundering and asset forfeiture to 25 Costa Rican officials in April 2007.

**Ukraine:** Since 2002, the FLETC has provided training and technical assistance, in conjunction with the U.S. Embassy, Kiev, to Ukraine's State Border Guard Service (SBGS) during their transition from a military organization to a civilian law enforcement agency. A Law Enforcement Instructor Development Workshop (LEIDWS) was held March 2007 at SBGS' Academy in Khmelnytsky in which FLETC instructors assisted the SBGS in developing a Law Enforcement Instructor Training Program based on the FLETC LEITP model presented in November 2006. Because of the workshop, the SBGS has developed a two-week 60-hour training program that was delivered May 14 – 25, 2007. This program is designed to enhance the teaching effectiveness of SBGS instructors through presentations on team building, understanding today's adult learners, student-centered learning, performance objectives development, lesson plan development, learning methodologies, introduction to computer graphics, classroom management issues, training tools, classroom equipment, and presentation skills. SBGS instructors facilitated by FLETC instructors presented the final OSS program delivered at SBGS' training facility in Cherkassy.

**Kyrgyzstan:** The Crime of Human Trafficking: A Law Enforcement Perspective to Identification, Investigation and Prosecution Seminar was delivered in September 2007. The U.S. Embassy in Bishkek, Kyrgyzstan has identified the Human Trafficking as a priority area in law enforcement assistance to the Government of Kyrgyz Republic. The Bureau of International Narcotics and Law Enforcement Affairs (INL) at the U.S. Embassy, Bishkek primary focus is to provide a comprehensive program to improve Kyrgyz Republic's institutional capacity to deal with

the issue of human trafficking as it pertains to legislation, advocacy and law enforcement issues.

**Canada:** In September 2007, the FLETC delivered the Wildland Fire Origin and Cause Determination (WFOCD) Training Program to a mixed Canadian and U.S. audience of fire investigators in Fredericton, New Brunswick, Canada. The program was requested by the

**The CITP provides a program of instruction that fulfills all the basic criminal investigative training requirements necessary for responsible and competent job performance.**

Northeastern Forest Fire Protection Commission (NFFPC), a government entity of both the United States as well as Canada.

#### • **Accreditation of FLETC Programs**

During FY 2007, the Federal Law Enforcement Training Accreditation (FLETA) Board of Directors awarded program accreditation to the following FLETC programs: the Criminal Investigator Training Program (CITP); the Physical Fitness Coordinator Instructor Training Program (PFCTP); the Inland Boat Operators Training Program (IBOT); the Law Enforcement Instructor In-Service Training Program (LEIISTP); the Driver Instructor Training Program (DITP); the Marine Law Enforcement Training Program (MLETP); and the Boat Operators Anti-Terrorism Training Program (BOAT).

The CITP provides, on an interagency basis, a program of instruction that fulfills all the basic criminal investigative training requirements necessary for responsible and competent job performance. Rather than being agency-specific, the program addresses common knowledge, skills, and abilities that are expected of all investigators.

The PFCTP provides training to law enforcement personnel who have the responsibility for developing and maintaining a departmental or agency-specific fitness program. In addition, the PFCTP is designed to familiarize the student with

the most current research and developments in the field of fitness training and standards.

The IBOT trains law enforcement officers and agents to operate a patrol vessel utilizing the maritime disciplines and skills customary for waterborne assignments on the inland waterways.

The LEIISTP is designed to provide certification training for Senior Instructors and Program Specialists at the FLETC. The LEIISTP provides instructors the skills needed for course and program development at the FLETC.

The DITP was developed to train instructors employed with Federal, state and local law enforcement agencies in law enforcement driver training subject matter. Developed in 1976, the program trains law enforcement officers in the principles, philosophies and techniques of teaching law enforcement driver training curriculum.

The MLETP is designed to provide basic marine law enforcement training for officers/agents of those agencies and organizations involved in the specialized areas of marine regulation, protection and law enforcement responsibilities whose area of operations could include coastal or near coastal waters. Curriculum includes familiarity with the marine law enforcement environment, vessel handling, navigational rules, understanding marine electronics, marine chart interpretation and plotting, water survival techniques, mission planning and marine enforcement vessel dynamics.

The BOAT program is designed for personnel tasked with anti-terrorism/port security operations or with the protection of waterborne high value assets. This course of instruction provides students with the skills to recognize potential terrorism targets, possible delivery methods and actions

which might indicate terrorism or criminal activity. Additionally, the Driver and Marine division submitted the BOAT program to the National Integration Center (NIC), formerly the Office of Grants and Training (G&T), which was approved and added to the list of eligible Federal terrorism training courses in December 2006. The Center for Domestic Preparedness conducted a thorough review of the course material to determine that the submitted course material met the required grants and training standards. Since gaining approval, numerous state and local agencies have sent students through the BOAT program using grant monies to fund the tuition.

- **Other Accomplishments**

The FLETC received the 2007 DHS Environmental Achievement Award in the category of Minimizing Petroleum Use in Transportation through use of Bio Fuel.

In September 2006, the FLETC self-declared compliance with the mandates of Presidential Executive Order (EO) 13148, Greening the Government through Leadership in Environmental Management.

The FLETC exceeded the Small Business Goal of 3% for Service Disabled Veteran Owned Small Businesses by over 100% through the third quarter of FY07. The statutory goal is 3%, while the FLETC achievement was 7.754%

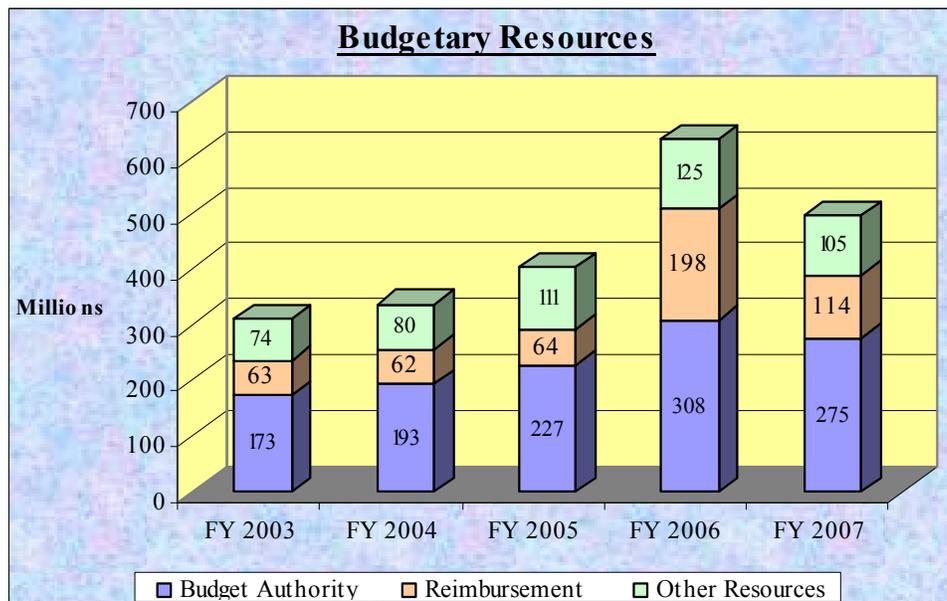
In FY 2007, FLETC received an unqualified opinion on its FY 2006 balance sheet audit performed by KPMG. FLETC was one of two DHS components to receive an unqualified opinion.

# Analysis of Entity's Financial Statements

The FLETC's financial statements appears in Part III with notes to the financial statements and required supplementary information. This section includes key financial data relevant to the FLETC operations.

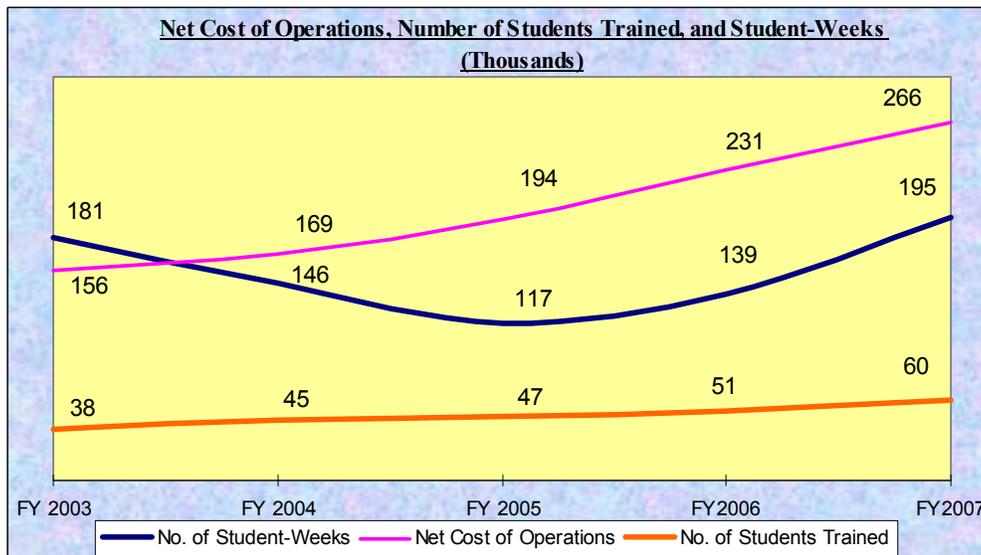
## Financial Resources and Key Indicators

### Budgetary Resources



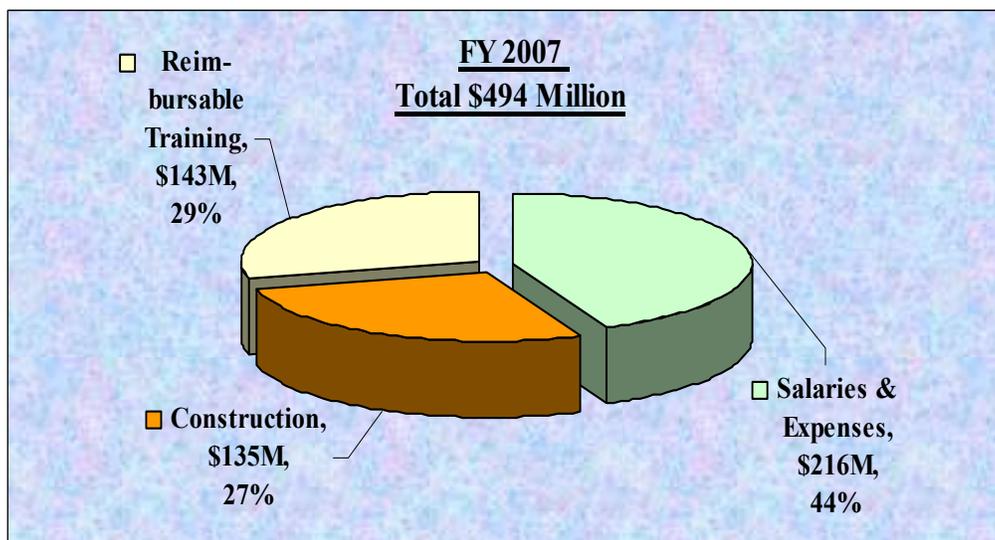
Budgetary resources consist of the budget authority or annual appropriations, reimbursement for training services, and other resources comprised primarily of carryover funds for multi-year and no-year appropriations. The FLETC's budgetary resources have generally increased throughout the past five years, with FY 2006 representing the highest amounts. Appropriations for the year ended September 30, 2007 decreased by \$33 million, or 11%, from the prior year, to \$275 million. The decrease is due to additional construction appropriations in FY 2006 for additional facilities to be built in support of increased U.S. Border Patrol training. Reimbursement resources were also higher in FY 2006 due to reimbursable construction projects.

### Net Cost of Operations

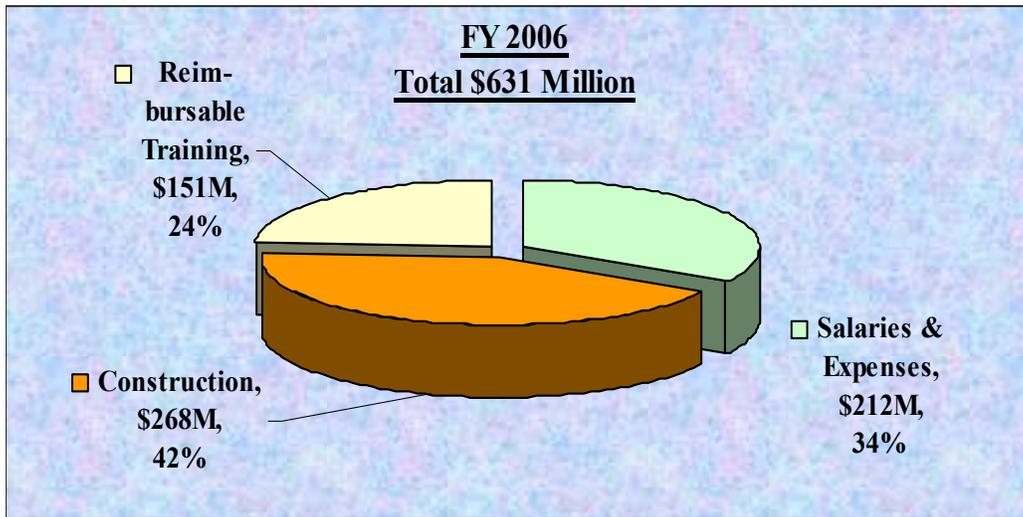


The FY 2007 net cost of operations increased by \$35 million, or 15%, from last fiscal year, primarily due to an increase in the number of students and student-weeks trained. The number of students trained and number of student-weeks increased by 18%, or 9 thousand students, and by 40%, or 56 thousand student-weeks, respectively, from FY 2006. The increases were primarily due to higher law enforcement training requirements, particularly for U.S. Customs and Border Protection.

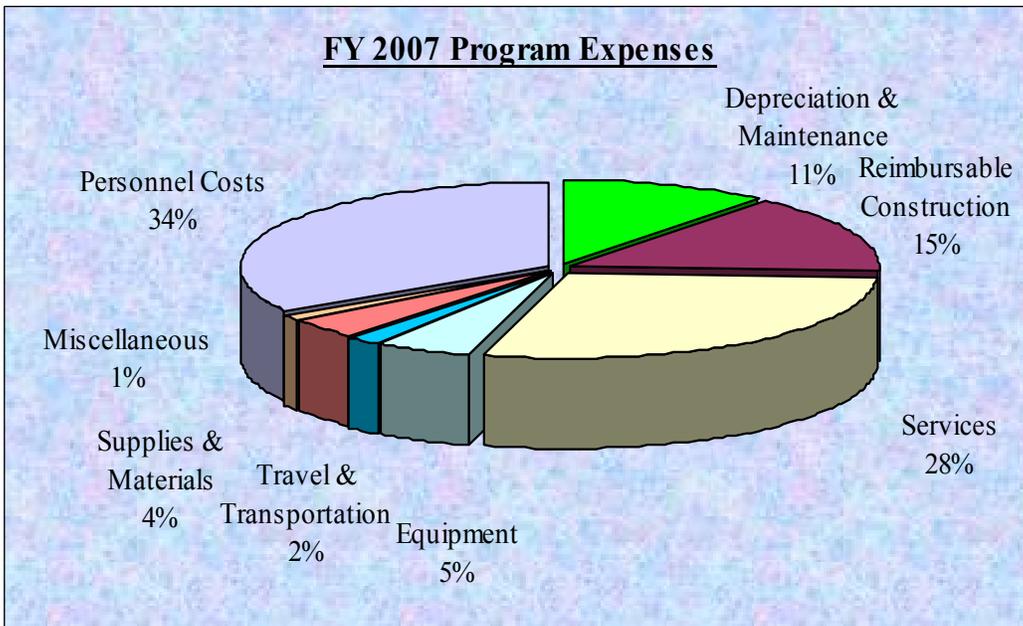
### Category of Funds

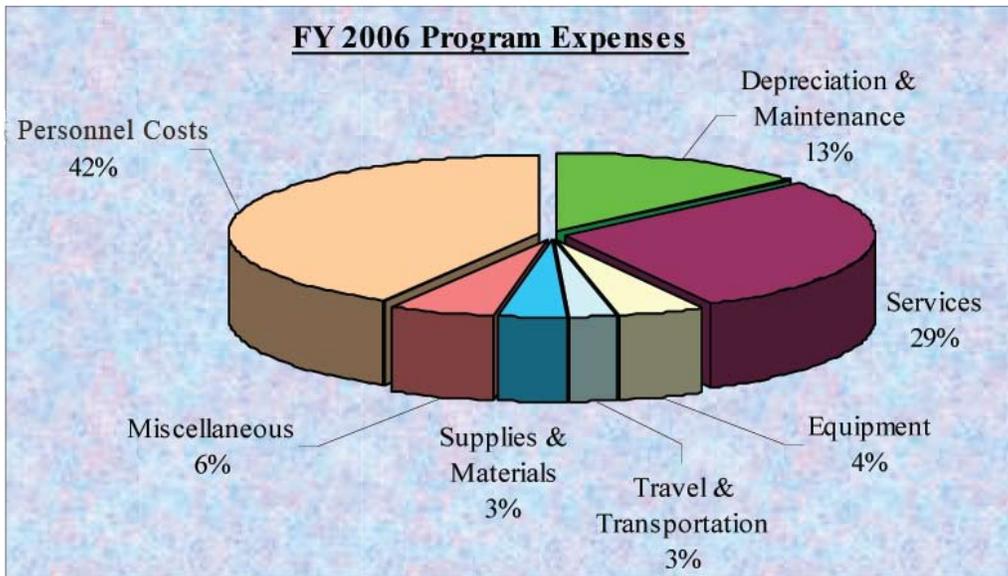


Of the \$494 million of total budgetary resources in FY 2007, 44%, or \$216 million, was for salaries and expenses; 27%, or \$135 million, was for construction; and 29%, or \$143 million, was for reimbursable training.



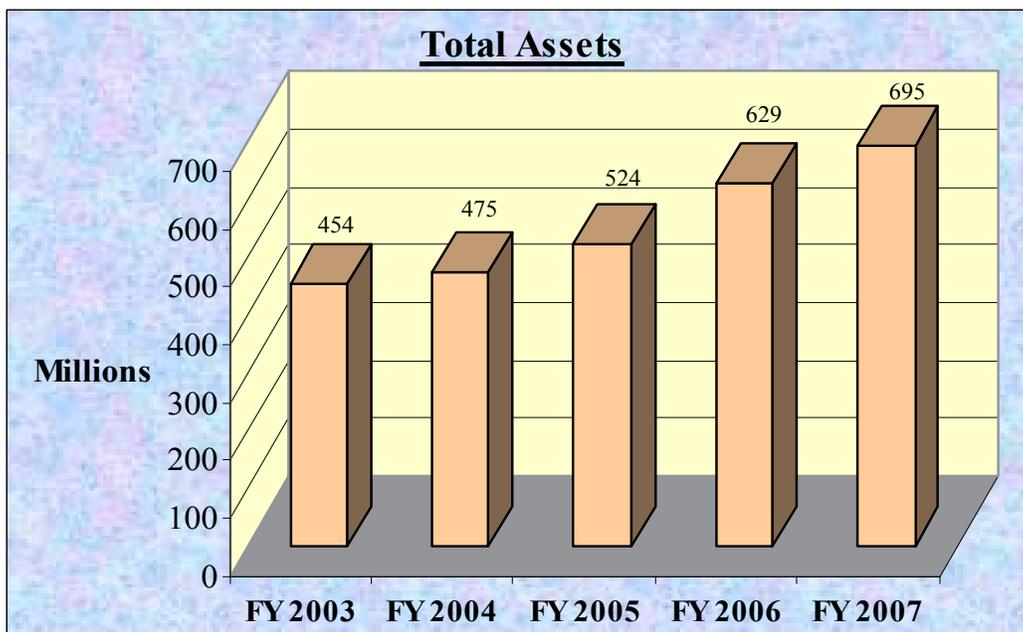
**Program Expenses**



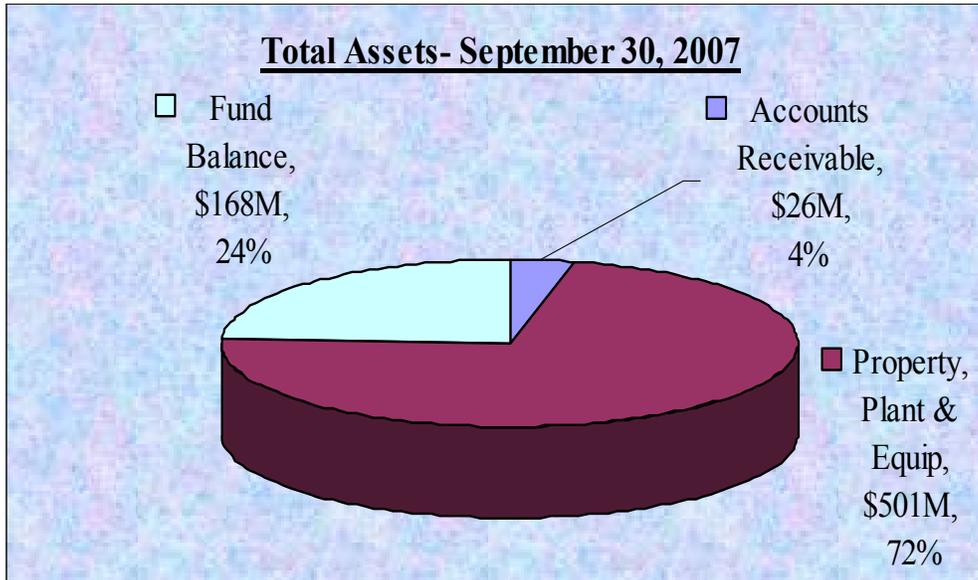


Of the \$413 million of gross program expenses in FY 2007, 34%, or \$139 million, was spent on personnel compensation and benefits, compared to \$133 million in FY 2006. As a percentage of total program expenses, personnel costs decreased by 8% of total program expenses from last year. The decrease in total percentage of program costs is primarily due to an increase in total expenses resulting from reimbursable construction costs. In FY 2007, the FLETC incurred reimbursable construction costs of \$62 million, primarily for the Science and Technology National Biodefense Analysis and Antiterrorism Center in Maryland. All other program expense categories remained relatively consistent from FY 2006.

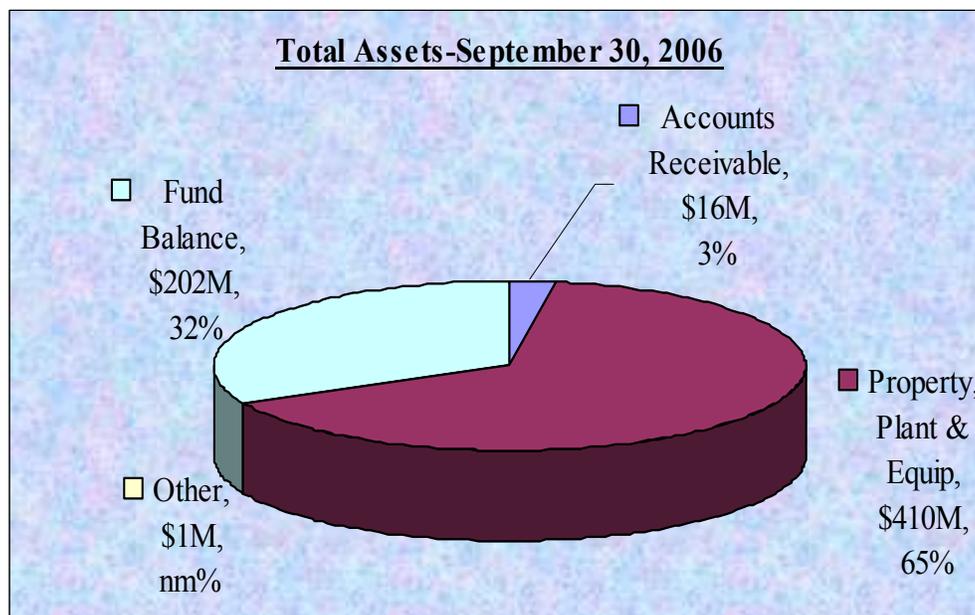
**Assets**



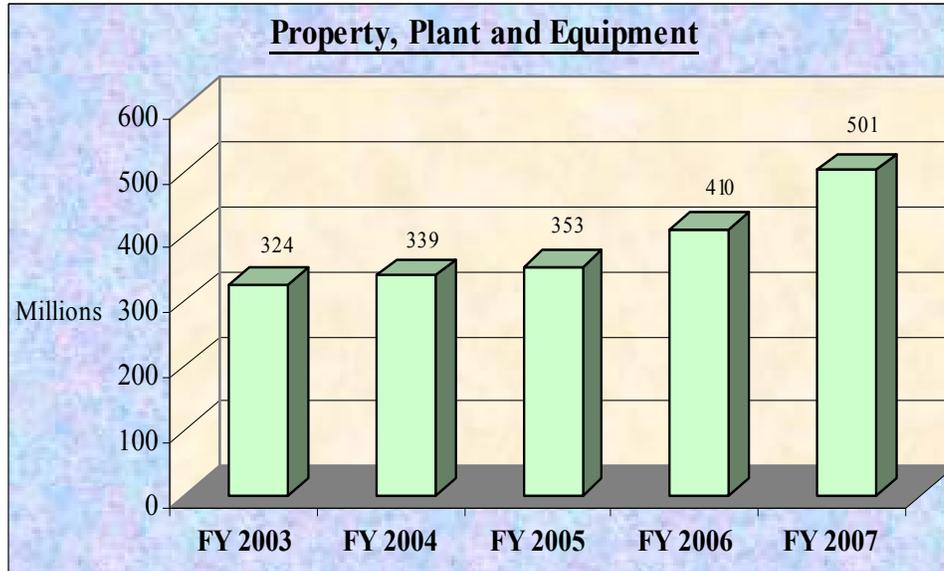
As of September 30, 2007, the FLETC had total assets of \$695 million, an increase of 10%, or \$66 million over September 30, 2006. The increase is primarily due to the capitalization of costs of construction projects. The remainder is due to an increase in accounts receivable, offset by a decrease in Fund Balance with Treasury as of September 30, 2007.



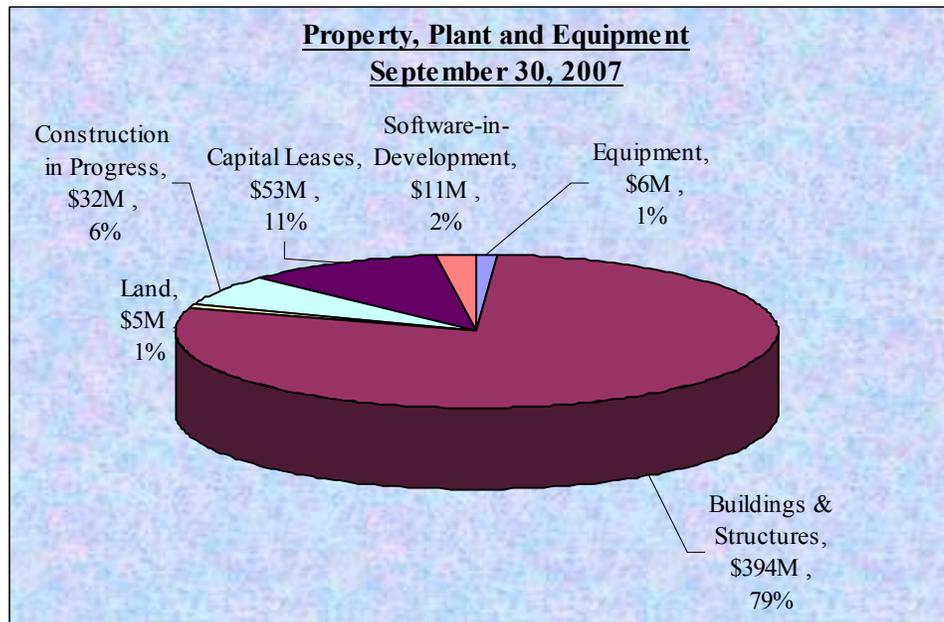
The majority of the FLETC's assets are comprised of plant, property, and equipment (PP&E) and Fund Balance with Treasury, totaling \$501 million and \$168 million, respectively, as of September 30, 2007.



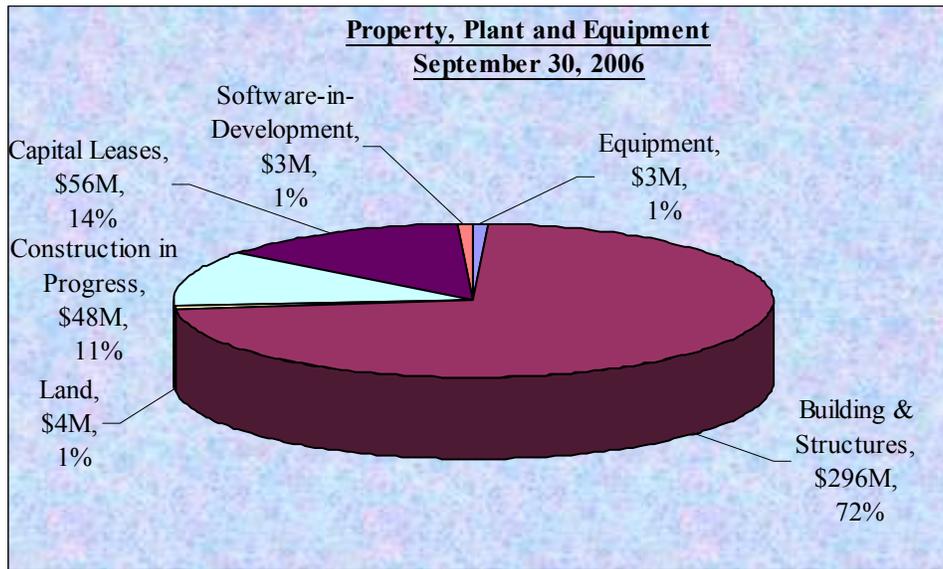
**Property, Plant, and Equipment**



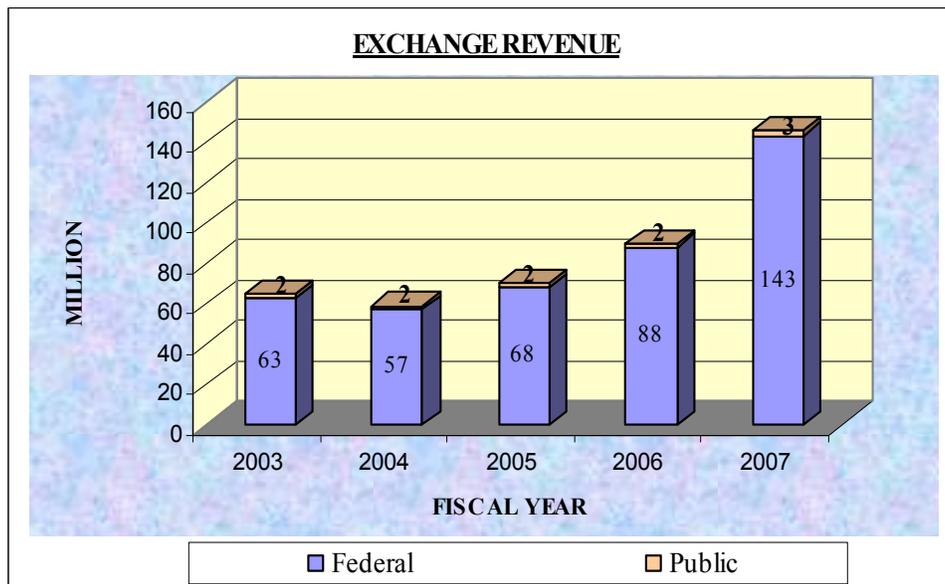
The FLETC's net PP&E balance is \$501 million as of September 30, 2007, an increase of \$91 million, or 22%, from September 30, 2006. The increase is primarily due to ongoing facility construction and building renovations, including dormitories and driving ranges in Artesia, New Mexico, an indoor firearms range in Charleston, South Carolina and a driver training range in Glynco, Georgia.



The majority of the FLETC's PP&E accounts are buildings and structures with a net book value of \$394 million as of September 30, 2007. The assets under a capital lease represent \$53 million as of September 30, 2007.

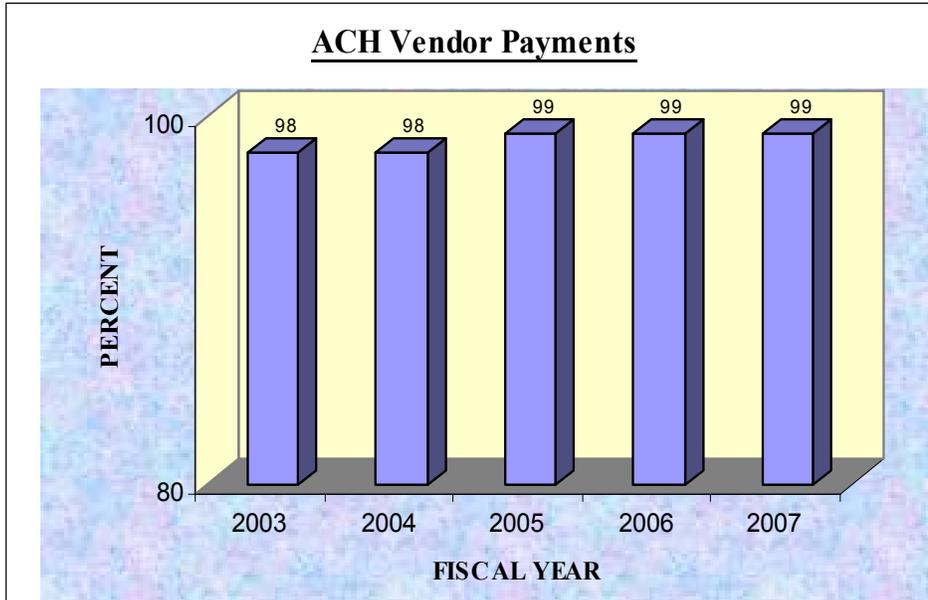


### Exchange Revenue



For the year ended September 30, 2007, the total exchange revenue amounted to \$146 million of which \$143 million and \$3 million were derived from Federal agencies and state and local agencies, respectively. The exchange revenue increased by 62%, or \$56 million, from FY 2006, primarily attributed to the Partner Organizations' reimbursement to the FLETC for construction and renovation of facilities and increased training.

### Automated Clearing House (ACH) Vendor Payments



ACH vendor payments continue to be maximized in FY 2007. ACH is an expeditious, cost-effective payment method that enhances accuracy and customer service to vendors.

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## Analysis of Systems, Controls and Legal Compliance

Federal agencies are required to comply with a wide range of laws and regulations, and to maintain systems that generate timely, accurate and useful information with which to make informed decisions. This section provides information on the FLETC's financial management system and compliance with the following:

- The Federal Managers' Financial Integrity Act (FMFIA)
- The Federal Financial Management Improvement Act (FFMIA)

### Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act (FMFIA) requires agencies to establish management control and financial systems that provide reasonable assurance that the integrity of Federal programs and operations are protected. It also requires the head of the agency, based on an evaluation of systems and controls, provide an annual Statement of Assurance on whether the agency has met this requirement. For FY 2007, the Director of the FLETC has provided qualified assurance that the Agency management controls and financial control systems meet the objectives of Sections 2 and 4 of FMFIA.

In accordance with the FMFIA and OMB Circular A-123, the FLETC has evaluated its management controls and financial management systems for FY 2007. Through our evaluation process and the results of external and internal audit reviews, we are reporting no Section 2 material weakness.

### Federal Financial Management Improvement Act

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires that agencies' financial management systems provide reliable financial data in accordance with generally accepted accounting principles and standards. Under FFMIA, financial management systems must substantially comply with three requirements – Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger (SGL).

For FY 2007, one material instance of non-compliance with the provisions of FFMIA was discovered as a result of the financial statement audit. The details are described in Exhibit I and Exhibit III of the independent auditor's report in Part III, Financial Information. The FLETC's financial management systems did not substantially comply with the U.S. Government SGL at the transaction level and Federal financial management system requirements. For FY 2007, no instances were noted in which the FLETC's financial management systems did not substantially comply with Federal Accounting Standards.

### Legal Compliance

The FLETC is committed to ensuring its financial activities are carried out in full compliance with applicable laws and regulations. To ensure this responsibility is met, senior agency financial managers direct annual reviews of financial operations and programs compliance with applicable laws and

regulations. For FY 2007, the FLETC complied substantially with all laws and regulations considered material to internal control over financial reporting.

### **Management Assurances**

In accordance with the Department of Homeland Security Financial Accountability Act and the Federal Managers' Financial Integrity Act, the FLETC has conducted an evaluation of its internal controls. Based on this evaluation, the following assurance statement is provided.

Federal Law Enforcement Training Center  
U. S. Department of Homeland Security  
1131 Chapel Crossing Road  
Glynn, Georgia 31524



Homeland  
Security

SEP 28 2007

Honorable Michael Chertoff  
Secretary of the Department of Homeland Security  
Washington, DC 20360

Dear Secretary Chertoff:

In accordance with your delegation of responsibilities to me, I have directed an evaluation of the internal control at the Federal Law Enforcement Training Center (FLETC) in effect during the fiscal year ended September 30, 2007. This evaluation was conducted in accordance with OMB Circular No. A-123, *Management's Responsibility for Internal Control*, Revised December 21, 2004. Based on the results of this evaluation, the FLETC may provide the following assurance statements:

**Reporting Pursuant to FMFIA Section 2. 31 U.S.C.3512 (d)(2)**

The FLETC provides reasonable assurance that internal controls are achieving their intended objectives, and no material weaknesses were found.

**Reporting Pursuant to the DHS Financial Accountability Act. P.L. 108-330**

The scope of the FLETC's assessment of internal controls over financial reporting included performing test of operational effectiveness over the following financial management processes:

- Entity Level Internal Controls
- Fund Balance with Treasury Management
- General Ledger Management

Based on the scope of this assessment, the FLETC provides reasonable assurance that internal control over financial reporting was operating effectively, and no material weaknesses were found in the internal controls over financial reporting.

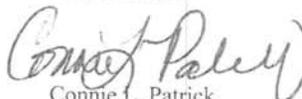
**Reporting Pursuant to FMFIA Section 4. 31 U.S.C.3512 (d)(2)(B)**

The FLETC's financial management systems conform to government-wide requirements.

**Reporting Pursuant to the Reports Consolidation Act. Section 3516(e)**

The FLETC's performance data used in the Performance and Accountability Report are complete and reliable.

Respectfully,

  
Connie L. Patrick  
Director



The FLETC trained 60,458 law enforcement students enrolled in basic, advanced and state and local training programs in fiscal year 2007.

## Improper Payments Information Act (IPIA) Reporting

In FY 2007, the FLETC followed the guidance set forth in Circular A-123, Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments, in assessing its programs for risk of improper payments and in testing the payment populations to support the assessed level of risk. The payment populations were segregated into three programs: Construction, Salaries and Expenses, and Law Enforcement Training. Each program was subjected to risk assessment factors established by DHS.

There were no programs identified as high risk of improper payments, as defined by Circular A-123, Appendix C. The statistical sampling performed on the populations of the three programs substantiated the low level of assessed risk indicating insignificant occurrences of improper payments. The details are reported in the Other Accompanying Information section of this PAR.

The FLETC will continue to monitor its internal controls over the approval and payment process to sustain its low level of risk of improper payments.

## Other Management Information, Initiatives and Issues

### FUTURE EFFECTS ON EXISTING, CURRENTLY KNOWN DEMANDS, RISKS, UNCERTAINTIES, EVENTS, CONDITIONS, AND TRENDS

The following chart summarizes the projections for law enforcement training for the next two years:

	FY2008		FY2009	
	Students	Student-Weeks	Students	Student-Weeks
Basic	24,763	218,631	20,520	216,368
Advanced	34,254	38,667	41,461	53,800
S&L, International & Export	4,637	6,102	4,730	6,224
Total	63,654	263,400	66,711	276,392

Historically, the FLETC has encountered difficulty recruiting and retaining law enforcement instructors with extensive Federal Criminal Investigator (GS-1811) experience. The FY 2002 Emergency Appropriations bill improved the FLETC's hiring flexibility by granting a salary offset waiver authority for up to 250 rehired annuitants for a five-year period. The FY 2007 Appropriations bill authorized an increase in the number of rehired annuitants from 250 to 350 through December 31, 2007. An extension of the authority through December 31, 2008 has been requested, and is expected in the FY 2008 Appropriations bill.

The FLETC continues facing operational constraints in balancing available resources and customer demand. To meet these challenges, the FLETC is implementing several initiatives to ensure its partner

organization and other customers are provided with timely and cost-effective law enforcement training.

First, the Facilities Master Plan continues to evolve as projected physical resource requirements necessary to fulfill the mission expand. The FLETC will aggressively seek funding to acquire, implement and maintain the physical resources outlined in the Facilities Master Plan. Second, human capital constraints have been relaxed by legislation granting the FLETC rehire annuitant authority. With the increase in authority from 250 to 350, the availability of qualified law-enforcement instructors necessary to meet current demand will increase. Finally, the FLETC is developing an automated scheduling system known as the Student Administration and Scheduling System (SASS). The SASS initiative addresses the challenges of increased demand for law enforcement training and the ability to provide training on demand.

In addition to addressing risks associated with operational constraints, the FLETC is actively pursuing the integration of emerging technologies into the training environment. The goal is to increase training efficiency, student throughput, and training safety through the use of emerging technologies such as simulation and modeling. Strategic implementation objectives of deployment include integrating enterprise-wide technological training solutions in a cross-divisional training approach. This strategy enables the FLETC to leverage future investments in technology and continue providing the most effective and efficient law enforcement training available.

Over its history, the FLETC has developed a sustainable competitive advantage as the premier provider of law enforcement training. The process leading to the current organizational structure has required constant change, adaptability and effective strategic management processes. Continued recognition as the leading provider of law enforcement training will require increased awareness of risks faced in today's dynamic marketplace. Those risks include increased competition, legislative risks, technological changes and changing customer demands, to name a few.

## **THE PRESIDENT'S MANAGEMENT AGENDA**

The President's Management Agenda (PMA), implemented in 2002, focuses on eight areas of management, human capital, competitive sourcing, financial performance, E-Gov, budget & performance integration, real property, eliminating improper payments, and faith based and community initiative. The status and progress in implementing the PMA is tracked quarterly on a PMA Scorecard for the overall DHS Department but not at the component level.

## **Limitations of the Financial Statements**

The principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with GAAP for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

Performance & Accountability Report  
Fiscal Year 2007

# Strategic Plan and Performance



THE FEDERAL LAW ENFORCEMENT TRAINING CENTER

GLYNCO | ARTESIA | CHARLESTON | CHELTENHAM | ILEA BOTSWANA | ILEA EL SALVADOR

The 40,000 square foot Simulation Laboratory, which houses sophisticated computer simulators and computer-based training applications, opened in 2007.



## The FLETC Strategic Plan

### Vision

We must provide fast, flexible and focused training to secure and protect America.

### Mission

We train those who protect our homeland.

### Values

Our values are the foundation upon which we accomplish our mission.

**Respect:** We treat each other and those we serve with fairness, dignity, and compassion. We value differences in people and ideas. We are committed to the well-being of our employees and to providing opportunities for individual growth and development.

**Integrity:** We adhere to the highest standards of ethical behavior.

**Service:** We seek to provide the highest levels of service to our Partner Organizations. We are effective and responsible stewards of the taxpayers' dollars.

**Excellence:** We pursue the highest quality of leadership and service and recognize the importance of identifying, articulating, and responding to the interests and needs of the FLETC's diverse constituencies.

### Strategic Goals

Based upon this foundation, we have built four goals as pillars to enable us to achieve our vision and accomplish our mission.

1. Provide training that enables our partners to accomplish their missions.
2. Foster a high-performing workforce.
3. Provide mission-responsive infrastructure.
4. Optimize business practices.

## The FLETC programs and performance goals align to and support the DHS Strategic Plan Objectives

### Performance Goals and Results

The Performance Report provides a summary of the FLETC's strategic goal and main measures by defining the program objectives, FY 2007 target and actual performance, and providing a clear picture of how the FLETC is working towards accomplishing its mission. We recognize that performance information is vital to making resource allocation decisions and is an integral part of the budget.

The FLETC programs and performance goals align to and support the DHS Strategic Plan Objectives as follows:

Law Enforcement Training program performance goal – Provide law enforcement agents and officers, skilled in the latest techniques, to enforce laws and regulations, protect the

Nation, and interact with the public with respect for individuals and civil liberty.

Goal 4 - Build a Nimble, Effective Emergency Response System and Culture of Preparedness.

Objective 4.2 – Preparedness

For each Future Years Homeland Security Program (FYHSP), the performance goal, performance measure/s, indicators, budget including allocation of non-programmatic overhead, and FTE are shown below. A complete listing of performance measures may be found on the OMB web site [Expectmore.gov](http://Expectmore.gov). In a few instances program names in PARTweb may differ slightly from those used in the Performance Budget.

Operated by the Training Innovation Division, the "SIM" Building includes over 20 advanced driving simulators and marksmanship sight alignment and aim point simulators.



<b>Performance Goal:</b>	Provide law enforcement agents and officers, skilled in the latest techniques, to enforce laws and regulations, protect the Nation, and interact with the public with respect for individuals and civil liberty.				
<b>Performance Measure:</b>	Percent of Partner Organizations (POs) that respond "agree" or "strongly agree" that FLETC training programs address the right skills needed for their officers/agents to perform their law enforcement duties.				
<b>Fiscal Year:</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Target</b>	<b>FY 2007 Actual</b>	<b>FY 2007 Results</b>
<b>Target/Actual Indicator:</b>	90%	71%	74%	79.75%	Met
<b>Description:</b>	This performance measure reflects the percentage of POs that responded on the PO Satisfaction Survey (POSS) agree or strongly agree to the overall satisfaction with the training the Federal Law Enforcement Training Center (FLETC) provides their officers or agents to prevent terrorism and other criminal activity against the U.S. and our citizens.				
<b>Explanation of FY 2007 Results:</b>	FLETC met its goal by achieving a 79.75% agree or strongly agree rating from its Partner Organizations that the FLETC training programs address the right skills needed by their officers/agents to perform their law enforcement duties. The Partner Organizations' feedback provides the FLETC with a continuous assessment and validation of our training programs. This helps to ensure that law enforcement officers and agents receive the right training to keep pace with the changing criminal and law enforcement environment. Through this collaboration with our Partner Organizations, the Federal Law Enforcement Training Center continues to provide the agencies with law enforcement agents and officers, skilled in the latest techniques, to enforce laws and regulations, protect the Nation, and to interact with the public with respect for individuals and civil liberty.				



<b>Performance Measure:</b>	Percent of Partner Organizations (POs) that respond "agree" or "strongly agree" on the Partner Organization Satisfaction Survey (POSS) to their overall satisfaction with the training provided by the FLETC.				
<b>Fiscal Year:</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Target</b>	<b>FY 2007 Actual</b>	<b>FY 2007 Results</b>
<b>Target/Actual Indicator:</b>	None	None	92%	87.8%	Not Met
<b>Description:</b>	This performance measure reflects the percentage of POs that responded on the POSS agree or strongly agree to the overall satisfaction with the training the Federal Law Enforcement Training Center (FLETC) provides their officers or agents to prevent terrorism and other criminal activity against the U.S. and our citizens.				
<b>Explanation of FY 2007 Results:</b>	FLETC did not meet its goal of achieving a 92% agree or strongly agree rating by its Partner Organizations. Training programs that meet the end-users needs are important to our nation's safety and security. FLETC is committed to providing the best training possible to all law enforcement organizations that we serve by establishing and maintaining a robust process to examine law enforcement trends and emerging issues.				
<b>Recommended Action:</b>	We will continue to collaborate with our Partner Organizations to assess, validate and improve each program as they evolve and refine in response to emerging issues such as changes in the laws, mission emphasis, and Partner Organization's requirements. Through this collaboration with our Partner Organizations, FLETC will be able to provide the agencies with law enforcement agents and officers, skilled in the latest techniques, to enforce laws and regulations, protect the Nation, and interact with the public with respect for individuals and civil liberty				

<b>Performance Measure:</b>	Percent of students that express "excellent" or "outstanding" on the Student Feedback-Program Survey.				
<b>Fiscal Year:</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Target</b>	<b>FY 2007 Actual</b>	<b>FY 2007 Results</b>
<b>Target/Actual Indicator:</b>	64%	62%	67%	76%	Met
<b>Description:</b>	The percentage of Federal Law Enforcement Training Center students who, on the student feedback survey, indicate the degree of training quality received was excellent or outstanding. Results from the survey are used to improve training to ensure students receive the right skills and knowledge, presented in the right way and at the right time to prevent terrorism and other criminal activity against the US and our citizens.				
<b>Explanation of FY 2007 Results:</b>	FLETC met its goal by achieving a 76% rating by its students. FLETC established and maintains a robust process to examine law enforcement trends and emerging issues. FLETC collaborates with Partner Organizations to assess, validate and improve each program as they are constantly evolving and being refined in response to emerging issues such as changes in the laws, mission emphasis, and Partner Organization's requirements.				

<b>Performance Measure:</b>	Percent of requested training classes conducted (Capacity Measure)				
<b>Fiscal Year:</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Target</b>	<b>FY 2007 Actual</b>	<b>FY 2007 Results</b>
<b>Target/Actual Indicator:</b>	98.55%	98.98%	98%	99.01%	Met
<b>Description:</b>	This performance measure is an indicator of the percent of training classes requested by Partner Organizations that are successfully scheduled by the FLETC. This measure enables the FLETC to determine if sufficient capacity (facilities, instructors & support) is available to meet the present and projected future FLETC training requirements.				
<b>Explanation of FY 2007 Results:</b>	The FLETC continually reviews and evaluates the facilities to ensure we are responsive and can meet the student throughput. In fiscal year 2007, the FLETC received requests for 1,509 classes of which 10 (Center Advanced classes) could not be scheduled due to lack of facility/instructor/support resources. We have contingency plans that identify and reduce the limiting effects of training constraints--facilities, full-time employees (FTEs), equipment, technology, etc. By meeting our target we were able to provide our Partner Organizations with knowledgeable and skilled Federal law enforcement agents and officers to enforce laws and regulations, protect the Nation, and interact with the public with respect for individuals and civil liberty.				



<b>Performance Measure:</b>	Cost of a student week of training				
<b>Fiscal Year:</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Target</b>	<b>FY 2007 Actual</b>	<b>FY 2007 Results</b>
<b>Target/Actual Indicator:</b>	\$1,651	\$1,632	\$1,709	\$1,367	Met
<b>Description:</b>	<p>The measure is calculated as the total FLETC net operating expenses divided by the total number of student-weeks trained. Net cost of operations is the full cost less earned revenue. In addition to the normal operating expenses, the full costs of operations include depreciation and imputed costs. Depreciation costs are acquisition costs of capitalized assets spread over the useful life of the assets, such as buildings, facilities, etc. Imputed costs are for goods and services provided to FLETC by other Federal government entities without reimbursement to the providing entity. These are subsidized costs recognized as imputed costs, such as staff OPM retirement costs and detailed instructors' salaries and benefits. Earned revenues are the reimbursements from other Federal entities and local governments for expenses incurred in training their law enforcement officers at FLETC.</p> <p>The FY 2005 and FY 2006 cost of a student week of training excluded the net costs related to the accreditation program. If included, the cost of a student week of training for FY 2005 and FY 2006 were \$1,664 and \$1,658, respectively.</p>				
<b>Explanation of FY 2007 Results:</b>	<p>FLETC met its goal for cost of a student week of training. The decrease in the cost is due to a significant increase in the total number student weeks. The cost per student week is based on fixed and variable costs. When the fixed costs remain constant and the number of student weeks trained increase, the economies of scale realized through consolidated training are increased.</p>				

## Major Activities and Priorities

The FLETC's services to its three major law enforcement client groups underscore its homeland security support mission in promoting intergovernmental cooperation in law enforcement preparedness. FLETC: 1) serves 83 Federal Partner Organizations having law enforcement responsibilities; 2) provides training and technical assistance to state and local law enforcement entities; and 3) plans, develops, and presents formal training courses and practical exercise applications related to international law enforcement training in the interest of combating global crime and protecting U.S. interests abroad.

### Strategic Priorities

The strategic priorities of the FLETC have focused on expanding training programs through partnership and emerging technology. The law enforcement personnel training at the FLETC are the primary resources used to fight the war on terrorism and to make the homeland more secure. The FLETC concentrates its efforts on:

- **Innovative development and integration of alternative training technologies, especially simulation and modeling.** Simulation technology emulates highly dangerous law enforcement driving scenarios and environments in a controlled setting that cannot be staged due to inability to replicate environment, conditions and safety concerns. Construction on the facility to house the simulation technology was completed early in FY 2007 with operations initiated soon thereafter. Simulation technology for driver training emulates rural/urban/city

environments, vehicle/pedestrian conflicts, time of day and weather. This training can measure the student's knowledge for point of possible perception, point of actual perception, reaction time and point of no avoidance to each particular set of conflicts. The performance goal is to reduce frequency, severity and vehicle fatalities for operational accidents by law enforcement agents and officers. Three driving simulation pilot training programs were conducted in FY 2007. In addition, a desktop simulation for the Protective Service Operations Training Program was conducted at the Glynco simulation facility and on site at the FLETC Cheltenham, MD campus.

- **Intelligence Training:** The FLETC continued to support the growing need for and relevance of homeland security intelligence training through its partnership with the DHS Office of Intelligence and Analysis (I&A) by hosting the inaugural offering of the Basic Intelligence and Terrorism Analysis Course at the FLETC Cheltenham, MD campus. Work was also initiated with DHS I&A to establish a standardized field intelligence collection and reporting protocol to be introduced into basic law enforcement officer training in support of the Office of the Director of National Intelligence information sharing initiative. Similarly, projects were initiated using the DHS Universal Adversary terrorism database and the Homeland Security Information Network

as training resources during practical exercises. Offerings of the Anti-Terrorism Intelligence Awareness Training Program continued to reach large audiences in major cities throughout the United States. The FLETC also fielded the Introductory Intelligence Analyst Program as the state and local counterpart to the existing Intelligence Analyst Training Program for federal agencies. This one week program facilitates student access to open sources of information and allows them to practice cyber operational security from a law enforcement perspective.

- **Counterterrorism:** In response to changing mission requirements in the post-9/11 environment, the FLETC, in conjunction with its Partner Organizations (POs), initiated the design, development and construction of the Practical Applications/Counterterrorism Operations Training Facility (PA/CTOTF). This project consists of five practical training sites covering 220 acres: urban, suburban, rural inter-modal and international training areas. PA/CTOTF offers a variety

of training venues, such as apartments, row houses, neighborhoods, schools, federal buildings, an embassy, roadways, and public transportation. Although facility construction is multi-phased through FY 2012, prototype training began at the international site in FY 2005. Through FY 2007, training has been conducted at the intermodal site in addition to the international site. This facility, which consolidates anti/counter terrorism training, will better prepare law enforcement personnel to fight terrorism.

The key strategic issues and priorities of the FLETC for the future five years will focus on expanding training programs through partnerships, emerging state-of-the-art training technology, sharing increased capacity in the most cost-effective manner using the consolidated law enforcement concept of training, and providing accredited law enforcement training for all law enforcement personnel. The law enforcement officers trained at the FLETC are the primary resources used to fight the war on terrorism and to make the homeland more secure.

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I am proud of the FLETC's commitment to provide excellence in law enforcement training to promote the freedom and protection of our homeland.

Connie L. Patrick  
Director  
Federal Law Enforcement Training Center

**Performance & Accountability Report  
Fiscal Year 2007**

**Financial Information**



**THE FEDERAL LAW ENFORCEMENT TRAINING CENTER**

**GLYNCO | ARTESIA | CHARLESTON | CHELTENHAM | ILEA BOTSWANA | ILEA EL SALVADOR**



# Homeland Security

## Message from the Chief Financial Officer



THE PERFORMANCE AND ACCOUNTABILITY REPORT (PAR) provides to the President, the Congress and the Public, the financial statements of the organization, and discusses important matters of financial management. As the Chief Financial Officer, I am pleased to present the FLETC financial results in this Fiscal Year (FY) 2007 PAR.

During FY 2007, the FLETC continued to assess its internal controls over financial systems and financial reporting. These efforts resulted in improved procedures, and additional documentation of policies and procedures in order to create a comprehensive policy manual that supports management assurances and facilitates the performance of those functions.

The FLETC's internal controls were formally tested for operating effectiveness by an independent firm, PricewaterhouseCoopers LLP, during the fiscal year. The results of the testing were positive, with no material weaknesses found. The noted areas of improvement will be addressed in the upcoming fiscal year. The material weakness from FY 2006, on the reporting of environmental liabilities, was deemed as remediated and was closed out in FY 2007.

As directed by the Office of Management and Budget (OMB), the FLETC has provided assurances in compliance with the Federal Managers' Financial Integrity Act of 1982 (FMFIA) and the Federal Financial Management Improvement Act of 1996 (FFMIA). These assurances are found in the Management's Discussion and Analysis section of this PAR.

Last year the FLETC transitioned from a limited scope audit to a full scope balance sheet audit as of September 30, 2006. The audit was performed by the independent auditing firm, KPMG LLP, and the auditors expressed an unqualified opinion on the FLETC's balance sheet as of September 30, 2006. This year, KPMG performed a full scope audit on the complete financial statements as of September 30, 2007. Their report is contained in the financial section of this PAR.

As the FLETC looks ahead to the coming year, the CFO organization will continue its efforts of providing excellence within the financial management arena. In FY 2008, we plan to upgrade our financial software package and implement a new procurement software package so that we may maintain the quality of our financial management systems. We are committed to providing quality service to our customers. I am confident that the FLETC will continue to demonstrate responsible stewardship of its resources.



*Alan Titus*

Alan Titus  
 Chief Financial Officer  
 Federal Law Enforcement Training Center



**Homeland  
Security**

MAY 12 2008

MEMORANDUM FOR: Ms. Connie L. Patrick  
Director  
Federal Law Enforcement Training Center

FROM:   
Richard L. Skinner  
Inspector General for Audits

SUBJECT: *Independent Auditor's Report on FLETC's FY 2007 Consolidated Financial Statements*

Attached for your information is our Report: *Independent Auditor's Report on FLETC's FY 2007 Consolidated Financial Statements*. The report contains observations and recommendations related to internal control weaknesses that were considered significant deficiencies and were required to be reported in the financial statement audit report. The independent public accounting firm KPMG LLP (KPMG) performed the audit of FLETC's FY 2007 consolidated financial statements and prepared the attached report. We do not express opinions on FLETC's financial statements or internal controls or provide conclusions on compliance with laws and regulations.

We appreciate the cooperation and courtesies extended to the auditors by your staff during the audit. Should you have any questions, please call me, or your staff may contact Anne Richards, Assistant Inspector General for Audits, at 202-254-4100.

Attachment



**DEPARTMENT OF HOMELAND SECURITY**  
**Office of Inspector General**

**Independent Auditor's Report on FLETC's  
FY 2007 Consolidated Financial Statements**



**OIG-08-53**

**MAY 2008**

Office of Inspector General

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



**Homeland  
Security**

## 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.

The attached report presents the results of our audit of the Federal Law Enforcement Training Center's (FLETC) FY 2007 consolidated financial statements. We contracted with the independent public accounting firm KPMG LLP (KPMG) to perform the audit. The contract required that KPMG perform its audits according to generally accepted government auditing standards and guidance from the Office of Management and Budget and the Government Accountability Office. KPMG expressed an unqualified opinion on FLETC's consolidated financial statements for fiscal year (FY) 2007. The FY 2007 auditor's report discusses four significant deficiencies, one of which is considered a material weakness, as well as one instance of noncompliance with laws and regulations. KPMG is responsible for the attached auditor's report and the conclusions expressed in the report. We do not express opinions on FLETC's financial statements or internal control or provide conclusions on compliance with laws and regulations.

The recommendations herein have been discussed with those responsible for implementation. It is our hope that this report will result in more effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

  
Richard L. Skinner  
Inspector General



KPMG LLP  
2001 M Street, NW  
Washington, DC 20036

## Independent Auditors' Report

Inspector General  
U.S. Department of Homeland Security

Director  
The Federal Law Enforcement Training Center:

We have audited the accompanying consolidated balance sheets of the U.S. Department of Homeland Security's (DHS) Federal Law Enforcement Training Center (FLETC) as of September 30, 2007 and 2006, and the related consolidated statement of net cost and changes in net position, and combined statement of budgetary resources for the year ending September 30, 2007 (hereinafter referred to as "consolidated financial statements"). The objective of our audits was to express an opinion on the fair presentation of these consolidated financial statements. In connection with our fiscal year 2007 audit, we also considered the FLETC's internal controls over financial reporting and performance measures and tested the FLETC's compliance with certain provisions of applicable laws, regulations, and contracts that could have a direct and material effect on these consolidated financial statements. We were not engaged to audit the accompanying consolidated statements of net cost, changes in net position, and combined statement of budgetary resources, for the year ended September 30, 2006 (referred to herein as "other fiscal year 2006 financial statements").

### SUMMARY

As stated in our opinion on the consolidated financial statements, we concluded that the FLETC's consolidated financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.

In fiscal year 2007, the FLETC changed its method of reporting the reconciliation of budgetary resources to the net cost of operations, in accordance with Office of Management Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*.

Our consideration of internal controls over financial reporting resulted in the following conditions being identified as significant deficiencies:

- A. Management Review of Upward and Downward Adjustments
- B. Environmental Clean up Costs
- C. Accounts Payable
- D. Financial Systems Security

We consider significant deficiency A above, to be a material weakness.

We noted no deficiencies involving the design of the internal control over the existence and completeness assertions related to key performance measures.



The results of our tests of compliance with certain provisions of laws, regulations, and contracts, exclusive of those referred to in the *Federal Financial Management Improvement Act of 1996* (FFMIA), disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*.

The results of our tests of FFMIA disclosed instances where the FLETC's financial management systems did not substantially comply with the U.S. Government Standard General Ledger at the transaction level, and Federal financial management system requirements. The results of our tests of FFMIA disclosed no instances in which the FLETC's financial management systems did not substantially comply with Federal Accounting Standards.

We also reported a matter being investigated by FLETC that the outcome of which could impact FLETC's compliance with the *Anti-deficiency Act*.

The following sections discuss our opinion on the FLETC's consolidated financial statements; our consideration of the FLETC's internal controls over financial reporting and performance measures; our tests of the FLETC's compliance with certain provisions of applicable laws, regulations, and contracts; and management's and our responsibilities.

## **OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS**

We have audited the accompanying consolidated balance sheets of the U.S. Department of Homeland Security's (DHS) Federal Law Enforcement Training Center (FLETC) as of September 30, 2007 and 2006, and the related consolidated statements of net cost and changes in net position, and combined statement of budgetary resources for the year ending September 30, 2007 (hereinafter referred to as "consolidated financial statements"). We were not engaged to audit the accompanying consolidated statements of net cost, and changes in net position, and combined statement of budgetary resources, for the year ended September 30, 2006 (referred to herein as "other fiscal year 2006 financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Homeland Security Federal Law Enforcement Training Center as of September 30, 2007 and 2006, and its net cost, change in net position, and budgetary resources for the year ending September 30, 2007, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 18, in fiscal year 2007, the FLETC changed its method of reporting the reconciliation of budgetary resources to the net cost of operations.

The information in the Management's Discussion and Analysis (MD&A), Strategic Plan and Performance, and Required Supplementary Information (RSI) sections of the FLETC Performance and Accountability Report (PAR) is not a required part of the consolidated financial statements, but is supplementary information required by U.S. generally accepted accounting principles and OMB Circular No. A-136. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it. In addition, certain information presented in the MD&A, and RSI, is based on the other fiscal year 2006 financial statements, on which we have not expressed an opinion.



Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The information in the Other Accompanying Information section is presented for purposes of additional analysis and is not required as part of the consolidated financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

Our consideration of the internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the FLETC's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the FLETC's consolidated financial statements that is more than inconsequential will not be prevented or detected by the FLETC's internal control over financial reporting. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the FLETC's internal control.

Significant deficiencies in internal control over financial reporting are described in Exhibits I and II. Deficiencies that are considered to be material weaknesses are presented in Exhibit I and significant deficiencies that are not considered to be material weaknesses are presented in Exhibit II.

Exhibit IV presents the status of prior year reportable conditions.

We also noted certain additional matters involving internal control over financial reporting and its operation that we will report to the management of FLETC in a separate letter.

## **INTERNAL CONTROL OVER PERFORMANCE MEASURES**

Our tests of internal control over performance measures, as described in the Responsibilities section of this report, disclosed no deficiencies involving the design of the internal control over the existence and completeness assertions related to key performance measures.

## **COMPLIANCE AND OTHER MATTERS**

Our tests of compliance with certain provisions of laws, regulations, and contracts, as described in the Responsibilities section of this report, exclusive of those referred to in the *Federal Financial Management Improvement Act of 1996* (FFMIA), disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

The results of our tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in FFMIA, disclosed no other instances of noncompliance that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

The results of our tests of FFMIA disclosed instances, described in Exhibits I, II and III, where the FLETC's financial management systems did not substantially comply with the U.S. Government Standard General Ledger at the transaction level, and Federal financial management system requirements. The

results of our tests of FFMIA disclosed no instances in which the FLETC's financial management systems did not substantially comply with Federal Accounting Standards.

**Other Matters.** FLETC management has initiated a review of the classification of certain liabilities recorded in their accounting records that may identify a violation of the Anti-deficiency Act, or other violations of appropriation law, that may have occurred during fiscal year 2007 or during earlier years.

## RESPONSIBILITIES

**Management's Responsibilities.** The United States Code Title 31 Section 3515 and 9106 require agencies to report annually to Congress on their financial status and any other information needed to fairly present their financial position and results of operations. To assist DHS in meeting these reporting requirements, the FLETC prepares and submits financial statements in accordance with OMB Circular No. A-136.

Management is responsible for the consolidated financial statements, including:

- Preparing the consolidated financial statements in conformity with U.S. generally accepted accounting principles;
- Preparing the MD&A (including the performance measures), and Required Supplementary Information;
- Establishing and maintaining effective internal control; and
- Complying with laws, regulations, and contracts applicable to the FLETC, including FFMIA.

In fulfilling this responsibility, management is required to make estimates and judgments to assess the expected benefits and related costs of internal control policies.

**Auditors' Responsibilities.** Our responsibility is to express an opinion on the consolidated financial statements of the FLETC based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 07-04. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the FLETC's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall consolidated financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2007 audit, we considered the FLETC's internal control over financial reporting by obtaining an understanding of the FLETC's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements. We limited our internal control testing to those controls necessary to achieve the



objectives described in *Government Auditing Standards* and OMB Bulletin No. 07-04. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*. The objective of our audit was not to express an opinion on the effectiveness of the FLETC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the FLETC's internal control over financial reporting.

As required by OMB Bulletin No. 07-04 in our fiscal year 2007 audit, with respect to internal control related to performance measures determined by management to be key and reported in the Management's Discussion and Analysis and Strategic Plan and Performance sections, we obtained an understanding of the design of internal controls relating to the existence and completeness assertions and determined whether these internal controls had been placed in operation. We limited our testing to those controls necessary to report deficiencies in the design of internal control over key performance measures in accordance with OMB Bulletin 07-04. However, our procedures were not designed to provide an opinion on internal control over reported performance measures and, accordingly, we do not provide an opinion thereon.

As part of obtaining reasonable assurance about whether the FLETC's fiscal year 2007 consolidated financial statements are free of material misstatement, we performed tests of the FLETC's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of the consolidated financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, including certain provisions referred to in FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, and contracts, applicable to the FLETC. However, providing an opinion on compliance with laws, regulations, and contracts was not an objective of our audit and, accordingly, we do not express such an opinion.

Under OMB Bulletin No. 07-04 and FFMIA, we are required to report whether the FLETC's financial management systems substantially comply with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA Section 803(a) requirements.

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The FLETC's response to the findings identified in our audit is presented in Exhibit V. We did not audit the FLETC's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the FLETC's management, DHS management, the DHS Office of Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

January 28, 2008

**Independent Auditor's Report****Exhibit I – Material Weaknesses**

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**A. Management Review of Upward and Downward Adjustments**

*Background:* Upon receipt of goods or services, FLETC typically receives an invoice from the commercial vendor, or for intragovernmental transactions, the billing agency draws funds from FLETC through the Intra-governmental Payment and Collection System (IPAC). In this process, FLETC may find that funds were obligated on the agreement in excess of the amount invoiced or drawn, or insufficient funds were obligated on the agreement to cover the amount invoiced or drawn. In these instances, FLETC must either increase or decrease the amount of the obligation to agree the amount of the obligation to the amount of the invoice or IPAC payment.

*Condition:* While performing procedures over General Ledger Account Code (GLAC) 4881 – Upward Adjustments of Prior-Year Undelivered Orders – Obligations, Unpaid, GLAC 4871 – Downward Adjustments of Prior-Year Unpaid Undelivered Orders – Obligations, Recoveries, GLAC 4981 – Upward Adjustments of Prior-Year Delivered Orders – Obligations, Unpaid, and GLAC 4971 – Downward Adjustments of Prior-Year Unpaid Delivered Orders – Obligations, Recoveries, we noted some transactions affecting these accounts that were not valid upward and downward adjustments. Specifically, we noted at least 11 adjustments that aggregated to a material amount that were not valid upward or downward adjustments affecting the budgetary accounts identified above. FLETC subsequently determined that approximately \$2.2 million of the \$2.8 million accrual transactions were invalid adjustments.

In addition, our testwork over journal vouchers as of September 30, 2007 identified that Momentum Financials Desktop is configured to close GLAC 4871 to GLAC 4201 at year-end. According to the U.S. Government Standard General Ledger (USSGL), GLAC 4871 should close to GLAC 4801. As a result, the Finance Division must prepare manual journal vouchers to reclassify amounts from 4871 to sub-account GLAC 487N, as the sub-accounts are configured for proper close-out while 4871 is not configured to close-out correctly at year-end.

We also noted that FLETC's draft Performance and Accountability Report Statement of Budgetary Resources, Line 16 – Recoveries of Prior Year Unpaid Obligations, was not accurately stated and required a material reclassification to properly state the financial statements to reflect the adjustment noted above. The conditions noted above resulted in FLETC recording a correcting upward/downward adjustment totaling more than \$15 million.

*Criteria:* OMB Circular A-123, *Management's Responsibility for Internal Control* states: "Management is responsible for developing and maintaining effective internal control... The importance of internal control is addressed in many statutes and executive documents. The FMFIA establishes overall requirements with regard to internal control. The agency head must establish controls that reasonably ensure that: '(i) obligations and costs are in compliance with applicable law; (ii) funds, property, and other assets are safeguarded against waste, loss, unauthorized use or misappropriation; and (iii) revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets.'"

FFMIA Section 803(a) requires that each Agency implement and maintain a system that complies substantially with Federal financial management system requirements as stipulated by OMB Circular No. A-127.

OMB Circular A-127, *Financial Management Systems*, Section 7.c. states: "Application of the U.S. Government Standard General Ledger at the Transaction Level. Financial events shall be recorded by agencies throughout the financial management system applying the requirements of the U.S. Government Standard General Ledger (SGL) at the transaction level. Application of the SGL at the

## Independent Auditor's Report

### Exhibit I – Material Weaknesses

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transaction level means that the financial management systems will process transactions following the definitions and defined uses of the general ledger accounts as described in the SGL.

According to JFMIP's *Core Financial System Requirements*, an agency's core financial management system must ensure that an agency does not obligate or disburse funds in excess of those appropriated and/or authorized and specific system edits and user notifications related to funds control must be in place. The *Federal Acquisition Regulation* Section 1.6 addresses the authorities and responsibilities granted contracting officers. Treasury's USSGL guidance specifies the accounting entries related to budgetary transactions.

*Cause/Effect:* FLETC does not have a comprehensive review process in place to detect invalid upward or downward adjustments. In addition, the account mapping logic within Momentum Financials Desktop is not configured to appropriately close GLAC 4871 to GLAC 4801. FLETC's Statement of Budgetary Resources may be materially misstated if amounts are not moved to subsidiary accounts to facilitate the closing process.

*Recommendations:* We recommend that FLETC management:

- Implement policies and procedures to ensure that only valid upward or downward adjustments are recorded in the appropriate budgetary accounts;
- Improve supervisory reviews and monitoring controls over manually recorded adjustments to record upward and downward adjustments to the general ledger. In addition, procedures should be adopted to review the Statement of Budgetary Resources for proper classification and presentation of amounts. These reviews should be documented.
- Take the necessary steps to develop account mapping logic to facilitate the closing of GLAC 4871 to GLAC 4801, which is consistent with the requirements of the USSGL at the transaction level.

## Independent Auditors' Report

### Exhibit II – Significant Deficiencies

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#### B. Environmental Clean Up Costs

*Background:* To address our audit findings identified during the FY 2006 audit, FLETC developed a corrective action plan (CAP) to perform a complete assessment and recognition of all measurable and probable FLETC environmental clean up cost liabilities. In 2007, FLETC escalated the recorded liability from the prior year for inflation. FLETC also recognized an environmental liability clean up cost related to lead based paint.

*Conditions:* While performing our FY 2007 audit, we noted that FLETC has not fully recognized all measurable and probable clean up cost liabilities, despite the implementation of its CAP. We also noted that:

- An inconsistent application of the methodology used to estimate environmental liabilities resulted in a net overstatement of total liabilities; and
- Some costs that were capitalized related to asbestos abatement and should have been expensed in the period incurred.

*Criteria:* Statement of Federal Financial Accounting Standards (SFFAS) #5, *Accounting for Liabilities of the Federal Government*, provides the definition and general principle for recognition of liabilities in paragraph 19: “A liability for federal accounting purposes is a probable future outflow or other sacrifice of resources as a result of past transactions or events.”

In describing SFFAS #5, the Federal Financial Accounting and Auditing Technical Release #2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*, states, “liabilities shall be recognized when the following conditions are met:

- A past transaction or event has occurred,
- A future or other sacrifice of resources is probable, and
- The future outflow or sacrifice of resources is measurable.”

Statement of Federal Financial Accounting Standards (SFFAS) #6, *Accounting for Property, Plant, and Equipment*, defines clean-up costs in paragraph 85 as: “...the costs of removing, containing, and/or disposing of (1) hazardous waste from property, or (2) material and/or property that consists of hazardous waste at permanent or temporary closure or shutdown of associated PP&E.” Furthermore, paragraph 87, clarifies that “Cleanup may include, but is not limited to, decontamination, decommissioning, site restoration, site monitoring, closure, and post closure costs.”

Statement of Federal Financial Accounting Standards (SFFAS) #6, *Accounting for Property, Plant, and Equipment*, paragraph 94 onwards related to cleanup costs states the following: Cleanup costs, as defined above, shall be estimated when the associated PP&E is placed in service.

Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-related Cleanup Costs*, states that “Asbestos-related cleanup costs are the costs of removing, containing, and/or disposing of (1) asbestos-containing materials from property, or (2) material and/or property that consists of asbestos-containing material at permanent or temporary closure or shutdown of associated PP&E”.

*Cause/Effect:* FLETC has not established clear and effective policies and procedures for identifying, assessing, estimating, and reporting environmental liabilities to the Finance Division. The lack of a process or adherence to a process for managing environmental issues reduces confidence that the environmental liability is complete and accurate. Persons outside of the Finance Division have not

## Independent Auditors' Report

### Exhibit II – Significant Deficiencies

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received specific training to help them understand the policies and the data needed by the Finance Division. This is true not only of estimating expectations and maintaining supporting documentation, but also the process of identifying environmental liabilities through due care. Due care should be evident from policies and procedures as well as the ability to effectively identify environmental liabilities.

Related to the asbestos removal project, FLETC believes that although some of the jobs, such as carpeting and painting are related to maintenance, the abatement of asbestos essentially extended the useful life of the late-1950 dormitory and improved the capacity or quality of life for federal law enforcement students in Charleston.

*Recommendations:* We recommend that FLETC management:

- Continue refining, implementing, and maintaining environmental liability management efforts including the processes, policies, and Standard Operating Procedures (SOPs).
- Improve the system for estimating and reporting environmental liabilities and the reporting of that information to the Finance Division.
- Ensure that all estimates of environmental liabilities are reviewed by Finance Division management to ensure the estimates are reasonable and accompanied by auditable supporting documentation. The supporting documentation should include assumptions made, the elements of the estimate calculation, and support for each element, e.g. specific type of contamination, square footage of the contaminated area or other applicable unit of measurement, the rate or cost per unit to remediate the specific type of contamination, and support for the determination of the rate or cost per unit for remediation.
- Develop standard operating procedures to properly record asbestos abatement related expenses in accordance with the accounting standards until Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-related Cleanup Costs*, is fully implemented at FLETC.

#### C. Accounts Payable

*Background:* During the FY 2006 audit, we identified several liabilities and disbursements subsequent to year end that represented liabilities that should have been accrued at September 30, 2006. Based upon recommendations provided during the prior year audit, FLETC implemented certain procedural changes to their year end accrual policies to improve the process. These procedures have significantly improved the accuracy and completeness of accounts payable and accruals at year end.

*Condition:* FLETC needs to continue to refine its policies and procedures to ensure that it has developed a reasonable estimate of its accounts payable liability in accordance with U.S. generally accepted accounting principles (GAAP). FLETC's process for accruing liabilities at the end of the fiscal year did not capture all the outstanding liabilities that existed at September 30, 2007. Our statistical samples of FLETC's disbursements through November 30, 2007 resulted in 5 of the 49 selections containing unrecorded liabilities totaling \$637,719. In addition, one of the 49 transactions was over accrued by \$237,329. The under accrued differences identified above were extrapolated over the population for a most likely projected error of approximately \$2.2 million.

*Criteria:* Statement of Federal Financial Accounting Standards (SFFAS) Number 1, *Accounting for Selected Assets and Liabilities*, Paragraphs 77-79 provides useful information that should be considered when designing policies, procedures and processes employed to estimate accrued liabilities.

## Independent Auditors' Report

### Exhibit II – Significant Deficiencies

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*Cause/Effect:* The FLETC has not developed or implemented adequate policies or a process for estimating/accruing Accounts Payable liabilities at fiscal year end.

*Recommendations:* We recommend that FLETC management continue to refine the process for identifying and estimating liabilities that exist at year end and:

- Perform a final review of the accrual details to ensure the accrual process was properly executed and the accrual is reasonable.
- Provide comprehensive training to every person involved in the accrual process. The training should include a discussion of the objective of the process, what each type of accounts payable requires to be accrued properly, the timing of the procedures to be performed, what form the reported results should take, to whom the results must be reported, and exactly how the information and methods used to obtain the information or estimate are to be documented for later examination by persons internal or external to FLETC.
- Periodically review the reported accrual information provided by personnel both inside and outside the Finance Division. This will require a knowledgeable person going to the location of the individuals generating the accrual information and reviewing the accuracy of the information as well as the documentation as to how the information was obtained or estimated.
- Assign one person in the Finance Division the responsibility for ensuring that each person designated to submit the quarterly accrual information submits the information on time and in the format required. Any late, incomplete, or undocumented submissions should be reported to senior Finance Division management as well as Management of the Division in which the designated individual works.
- Perform a search for unrecorded liabilities at quarter end to determine the effectiveness of FLETC's current accrual methodology.
- Include the timely and accurate submission of the accrual information as a part of each designated individual's performance evaluation.

#### D. Financial Systems Security

*Background:* Controls over the FLETC information technology (IT) and related financial systems are essential elements of financial reporting integrity. Effective general controls in an IT and financial systems environment are typically defined in six key control areas: entity-wide security program planning and management, access control, application software development and change control, system software, segregation of duties, and service continuity. In addition to general controls, financial systems contain application controls which are the structure, policies, and procedures that apply to separate individual application systems, such as accounts payable and payroll.

During FY 2007, we performed audit procedures over the two key FLETC financial systems as well as those systems supporting the general control environment. The overall objective of our IT audit procedures was to evaluate the effectiveness of IT general controls of FLETC's financial processing environment and related IT infrastructure as necessary to support the FY 2007 audit.

The Federal Information System Controls Audit Manual (FISCAM), issued by the Government Accountability Office (GAO), formed the basis of our review and was supplemented by the National Institute of Standards and Technology (NIST) Special Publication 800-53 and applicable DHS and FLETC policies and procedures.

To complement our general IT controls audit, we also performed technical security testing for key network and system devices, as well as testing over key financial application controls. The technical security testing was performed from within FLETC and was focused on test, development,

## Independent Auditors' Report

### Exhibit II – Significant Deficiencies

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and production devices that directly support FLETC financial processing and key general support systems. The application control testing included assessing the structure, policies, and procedures that apply to separate individual application processes, such as accounts payable and payroll. The application control testing was performed to assess the controls that support the financial system's internal controls over the input, processing, and output of financial data and transactions.

**Conditions:** During FY 2007, we continued to identify IT general control weaknesses at FLETC. The most significant weaknesses related to access controls, application software development, and change controls. However, we have also identified weaknesses in entity-wide security program planning and management, system software and service continuity. We noted that some systems are not configured in the most secure manner, some policies and procedures and corrective actions remain in draft form and have not been implemented, test plan standards and procedures have not been implemented, and some back-up and contingency systems have not been tested. Collectively, the IT control weaknesses limited FLETC's ability to ensure that critical financial and operational data was maintained in such a manner to ensure confidentiality, integrity, and availability.

**Cause/Effect:** Many of the conditions identified in FY 2007 during our IT audit are the result of a lack of finalized and approved IT policies and procedures, as well as a lack of monitoring of the control environment to ensure compliance with DHS, OMB, and NIST policies. Additionally, many of these weaknesses are inherent in FLETC's legacy systems, or system development activities that did not incorporate strong security controls from the outset and will take several years to fully address. Further, the lack of resources and competing responsibilities has prevented FLETC from implementing many of these controls and processes into their environment. Finally, there was no consistent and thorough testing of IT controls by FLETC to identify and mitigate weaknesses. The effect of the identified IT weaknesses has the potential to impact the integrity of the data processing and reporting of FLETC financial and operational data. In addition, these weaknesses negatively impacted the internal controls over FLETC financial reporting and its operations.

**Criteria:** The Federal Information Security Management Act (FISMA) passed as part of the *Electronic Government Act of 2002* mandates that Federal entities maintain IT security programs in accordance with OMB and NIST guidance. OMB Circular A-130, *Management of Federal Information Resources*, and various NIST guidelines describe specific essential criteria for maintaining effective general IT controls. In addition, OMB Circular A-127 prescribes policies and standards for executive departments and agencies to follow in developing, operating, evaluating, and reporting on financial management systems. In addition, we assessed the FLETC financial systems against the DHS's own security policies and procedures, such as the DHS *Sensitive Systems Policy Directive, 4300A, Information Technology Security Program*.

**Recommendations:** We recommend that FLETC management take corrective actions to improve its IT systems security. Corrective actions may include better enforcement of FLETC and DHS policies, full implementation of corrective action plans currently developed, finalize and implement a SDLC methodology for FLETC's main financial system, as well as incorporating security planning throughout the life cycle, and periodically test the two financial systems, and server level and database backups in compliance with DHS Policy Directive 4300A, as well as other recommendations we have provided during our audit.

**Independent Auditor's Report****Exhibit III – Compliance with Laws and Regulations**

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**E. Federal Financial Management Improvement Act of 1996 (FFMIA)**

*Background/Criteria:* FFMIA requires that an agency's financial management systems substantially comply with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Standard General Ledger at the transaction level.

*Conditions – U.S. Government Standard General Ledger:* As explained in Exhibit I, FLETC's financial system is not configured to properly record upward and downward adjustments. In addition, the system is not properly configured to close General Ledger Account Code 4871 to General Ledger Account Code 4801.

*Federal financial management system requirements:* As explained in Exhibit II, FLETC has not complied with/performed:

- The information security requirements in accordance with FISMA, and OMB Circular A-130,
- The documentation requirements for financial management systems and processing instructions in accordance with JFMIP and other applicable requirements,
- The internal control requirements that ensure resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data are obtained, maintained, and disclosed in reports,
- The training and user support requirements that should be provided to the users at all levels of the financial systems to enable them to understand, operate, and maintain the systems, and
- The maintenance required to enable the system to continue to operate in an effective and efficient manner.

*Recommendation:* We recommend that FLETC implement the recommendations related to the above conditions as detailed in Exhibits I and II as well as develop a process to ensure FLETC complies with the provisions of FFMIA.



Homeland  
Security

February 21, 2008

KPMG LLP  
2001 M Street, NW  
Washington, DC 20036

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the Federal Law Enforcement Training Center's (FLETC) consolidated financial statements as of September 30, 2007, and the related Independent Auditors' Report. In response to the findings, our concurrence or non-concurrence is as follows:

Exhibit I – Material Weaknesses

- A. Management Review of Upward and Downward Adjustments - we concur with the finding.

Exhibit II – Significant Deficiencies

- B. Environmental Clean Up Costs – we concur with the finding.
- C. Accounts Payable – we concur with the finding.
- D. Financial Systems Security – we concur with the finding.

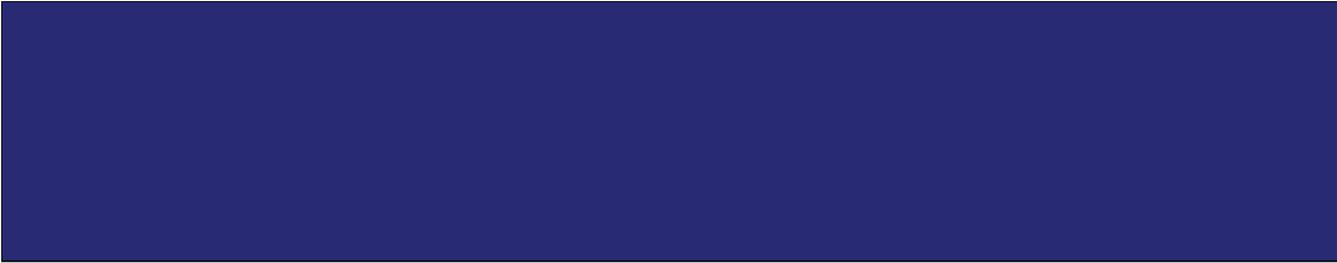
Exhibit III – Compliance with Laws and Regulations

- E. Federal Financial Management Improvement Act of 1996 (FFMIA) – we concur with the finding.

Sincerely,

A handwritten signature in black ink, appearing to read "Julie Martin".

Julie Martin  
Deputy Chief Financial Officer  
Federal Law Enforcement Training Center



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To obtain additional copies of this report, call the Office of Inspector General (OIG) at (202) 254-4199, fax your request to (202) 254-4305, or visit the OIG web site at [www.dhs.gov/oig](http://www.dhs.gov/oig).

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- Email us at [DHSOIGHOTLINE@dhs.gov](mailto: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.



Department of Homeland Security  
**Federal Law Enforcement Training Center**  
**Consolidated Balance Sheets**  
**As of September 30, 2007 and 2006**  
(In Thousands)

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b> (Note 2)		
Intragovernmental assets		
Fund Balance with Treasury (Note 3)	\$ 167,634	\$ 202,290
Accounts Receivable, Net (Note 5)	24,780	14,838
Other (Note 7)	343	397
Total Intragovernmental Assets	<u>192,757</u>	<u>217,525</u>
Cash (Note 3)	-	27
Accounts Receivable, Net (Note 4)	872	1,280
Property, Plant and Equipment, Net (Note 5)	<u>501,462</u>	<u>409,955</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 695,091</b></u>	<u><b>\$ 628,787</b></u>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b> (Note 7)		
Intragovernmental Liabilities		
Accounts Payable	\$ 2,643	\$ -
Other (Note 10)	3,497	2,995
Total Intragovernmental Liabilities	<u>6,140</u>	<u>2,995</u>
Accounts Payable	38,332	16,906
Federal Employee and Veterans Benefits (Note 8)	15,668	11,264
Accrued Payroll and Benefits (Note 8)	12,939	12,342
Environmental Clean-Up Liability (Note 9)	13,760	11,197
Capital Lease Liability (Note 11)	58,895	61,153
Other (Note 10)	<u>760</u>	<u>1,044</u>
<b>TOTAL LIABILITIES</b>	<u><b>146,494</b></u>	<u><b>116,901</b></u>
Commitments and Contingencies (Note 12)		
<b>NET POSITION</b>		
Unexpended Appropriations	150,935	197,114
Cumulative Results of Operations	<u>397,662</u>	<u>314,772</u>
<b>TOTAL NET POSITION</b>	<u><b>548,597</b></u>	<u><b>511,886</b></u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><b>\$ 695,091</b></u>	<u><b>\$ 628,787</b></u>

The accompanying notes are an integral part of the financial statements.

Department of Homeland Security  
**Federal Law Enforcement Training Center**  
**Consolidated Statement of Net Cost**  
**For the Years Ended September 30, 2007 and 2006**  
(In Thousands)

	<u>2007</u>	<u>2006</u> (Unaudited)
<b>PROGRAM COSTS:</b>		
<b>Federal Law Enforcement Training</b>		
Gross Costs (Note 13)	\$ 412,684	\$ 320,318
Less: Earned Revenue (Note 13)	<u>146,433</u>	<u>89,565</u>
Net Program Costs	\$ 266,251	\$ 230,753
 <b>Net Cost of Operations</b>	 <u>\$ 266,251</u>	 <u>\$ 230,753</u>

The accompanying notes are an integral part of the financial statements.

Department of Homeland Security  
**Federal Law Enforcement Training Center**  
**Consolidated Statement of Changes in Net Position**  
**For the Years Ended September 30, 2007 and 2006**  
(In Thousands)

	<u>2007</u>	<u>2006</u> (Unaudited)
<b>Cumulative Results of Operations:</b>		
Beginning Balances	\$ 314,772	\$ 301,866
<b>Budgetary Financing Sources</b>		
Appropriations Used	319,462	221,717
Other Budgetary Financing Sources	-	1,371
Donations	1	-
<b>Other Financing Sources</b>		
Donations & Forfeitures of Property	46	-
Transfer In/Out Without Reimbursement	9,179	586
Imputed Financing	<u>20,453</u>	<u>19,985</u>
Total Financing Sources	349,141	243,659
Net Cost of Operations	(266,251)	(230,753)
Net Change	<u>82,890</u>	<u>12,906</u>
<b>CUMULATIVE RESULTS OF OPERATIONS</b>	<b><u>\$ 397,662</u></b>	<b><u>\$ 314,772</u></b>
<b>Unexpended Appropriations:</b>		
Beginning Balances	\$ 197,114	\$ 117,868
<b>Budgetary Financing Sources</b>		
Appropriations Received	275,279	308,258
Appropriations Transferred In/Out	(420)	-
Other Adjustments	(1,576)	(7,295)
Appropriations Used	<u>(319,462)</u>	<u>(221,717)</u>
Total Budgetary Financing Sources	<u>(46,179)</u>	<u>79,246</u>
<b>UNEXPENDED APPROPRIATIONS</b>	<b><u>\$ 150,935</u></b>	<b><u>\$ 197,114</u></b>
<b>NET POSITION</b>	<b><u>\$ 548,597</u></b>	<b><u>\$ 511,886</u></b>

The accompanying notes are an integral part of the financial statements.

Department of Homeland Security  
**Federal Law Enforcement Training Center**  
**Combined Statement of Budgetary Resources**  
**For the Years Ended September 30, 2007 and 2006**  
(In Thousands)

	<u>2007</u>	<u>2006</u> (Unaudited)
<b>BUDGETARY RESOURCES:</b>		
Unobligated Balance, Brought Forward October 1	\$ 89,855	\$ 76,274
Recoveries of Prior Year Obligations	14,674	55,334
Budget Authority:		
Appropriations	275,279	308,258
Spending Authority from Offsetting Collections		
Earned		
Collected	135,714	86,817
Change in Receivables from Federal Sources	9,651	2,092
Change in Unfilled Customer Orders		
Advance Received	(138)	155
Without Advance from Federal Sources	(28,400)	109,203
Subtotal	<u>392,106</u>	<u>506,525</u>
Actual Transfers, Unobligated Balances	(420)	-
Permanently Not Available (Note 3)	(2,682)	(7,026)
<b>TOTAL BUDGETARY RESOURCES</b>	<b><u>\$ 493,533</u></b>	<b><u>\$ 631,107</u></b>
<b>STATUS OF BUDGETARY RESOURCES:</b>		
Obligations Incurred (Note 14)		
Direct	\$ 288,959	\$ 307,826
Reimbursable	<u>123,619</u>	<u>233,426</u>
Subtotal	<u>412,578</u>	<u>541,252</u>
Unobligated Balance		
Apportioned	64,109	73,193
Unobligated Balance Not Available (Note 3)	<u>16,846</u>	<u>16,662</u>
<b>TOTAL STATUS OF BUDGETARY RESOURCES</b>	<b><u>\$ 493,533</u></b>	<b><u>\$ 631,107</u></b>
<b>CHANGE IN OBLIGATED BALANCE</b>		
Obligated Balance, Net Beginning of Period		
Unpaid Obligations, Brought Forward October 1	\$ 264,909	\$ 114,122
Uncollected Customer Payments from Federal Sources, October 1	<u>(152,926)</u>	<u>(41,632)</u>
Total Unpaid Obligated Balance, Net Beginning of Period	111,983	72,490
Obligations Incurred, Net	412,578	541,252
Gross Outlays	(442,640)	(335,130)
Recoveries of Prior Year Unpaid Obligations	(14,674)	(55,334)
Change in Uncollected from Federal Sources	18,749	(111,295)
Obligated Balance, Net End of Period		
Unpaid Obligations	220,174	264,909
Uncollected Customer Payments from Federal Sources	<u>(134,178)</u>	<u>(152,926)</u>
Total Unpaid Obligated Balance, Net End of Period	85,996	111,983
<b>NET OUTLAYS</b>		
Gross Outlays	442,640	335,130
Offsetting Collections	(135,576)	(86,973)
Distributed Offsetting Receipts	(189)	(6,494)
Net Outlays	<b><u>\$ 306,875</u></b>	<b><u>\$ 241,663</u></b>

The accompanying notes are an integral part of the financial statements.

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# Notes to the Consolidated Balance Sheet

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. REPORTING ENTITY

The Federal Law Enforcement Training Center (FLETC), a component of the U.S. Department of Homeland Security (DHS), serves as an interagency law enforcement training center. The FLETC provides facilities, equipment, and support services for conducting law enforcement training for Federal agencies and specialized programs for state and local agencies and foreign governments. The FLETC was established on July 1, 1970, by Treasury Department Order No. 217, as an organizational entity within the Department of the Treasury. The FLETC was transferred from Treasury to the DHS on March 1, 2003, as an entity within the Directorate of Border and Transportation Security by the Homeland Security Act of 2002 (P.L. 107-296). Training sites and offices include Glynco, Georgia; Artesia, New Mexico; Washington, DC; Charleston, South Carolina; and Cheltenham, Maryland. Also, the FLETC conducts training at four International Law Enforcement Academies (ILEA) located in Budapest, Hungary; Bangkok, Thailand; Gaborone, Botswana; and San Salvador, El Salvador. The programs and operations of the FLETC are funded principally through Congressional appropriations on an annual, multi-year, and no-year basis. Accordingly, operating costs incurred and recorded as expenses are funded through either appropriated funds, reimbursable agreements or other financing sources.

### B. BASIS OF ACCOUNTING AND PRESENTATION

The financial information presented includes Consolidated Balance Sheets as of September 30, 2007 and September 30, 2006, respectively, and a Consolidated Statement of Net Cost, a Consolidated Statement of Changes in Net Position, a Combined Statement of Budgetary Resources and a Consolidated Statement of Custodial Activity for the year-to-date period ended September 30, 2007. The financial statements have been prepared from the accounting records of the FLETC in conformity with U.S. generally accepted accounting principles (GAAP), based on accounting standards issued by the Federal Accounting Standards Advisory Board, and with the Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements.

Under GAAP, as a general rule, revenues and related assets are recognized when earned, and expenses and related liabilities are recognized when incurred. The Consolidated Balance Sheets, the Consolidated Statement of Net Cost and the Consolidated Statement of Changes in Net Position are reported using this accrual basis of accounting. The Combined Statement of Budgetary Resources is reported using the budgetary basis of accounting, which facilitates compliance with legal constraints and controls over the use of federal funds. The Consolidated Statement of Custodial Activity reports collection and disposition of miscellaneous receipts on a cash basis.

These financial statements should be read with the realization that they are for a component of a sovereign entity, that liabilities not covered by budgetary resources cannot be liquidated without the enactment of an appropriation and that payment of liabilities other than for contracts can be abrogated by the sovereign entity.

**C. ASSETS AND LIABILITIES**

Entity intragovernmental assets and liabilities result from activity with other Federal agencies. All other entity assets and liabilities result from activity with parties outside the Federal government, such as domestic and foreign persons, organizations, or governments outside the U.S. Government. Assets represent tangible items that have probable economic benefits that can be obtained or controlled by the FLETC. Liabilities represent the amount of monies or other resources that are likely to be paid as a result of a transaction or event that has already occurred. However, no liability can be paid absent an appropriation. Liabilities for which an appropriation has not been enacted are, therefore, classified as liabilities not covered by budgetary resources. Although future appropriations to fund the liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities. Also, liabilities arising from other than contracts can be abrogated by the Government, acting in its sovereign capacity.

**D. FUND BALANCE WITH TREASURY**

Fund balance with Treasury represent funds available to pay liabilities and finance authorized expenditures.

**E. ACCOUNTS RECEIVABLE AND RELATED ALLOWANCES FOR UNCOLLECTIBLE AMOUNTS**

Outstanding billed reimbursable costs for goods and services provided to other Federal agencies and state and local governments comprise the majority of accounts receivable. The FLETC presents its receivables from the public net of an allowance for doubtful account. An allowance is used for recognizing bad debt expense on state and local government balances. The allowance for estimated uncollectible accounts receivable due from the public is determined by using the Percentage Analysis Method. The Percentage Analysis Method derives an estimated percentage of uncollectible accounts receivable based on the experience of collecting past due accounts. The Specific Identification Method is used when actual uncollectible amounts of receivables are known. No allowance is recorded for accounts receivable from Federal agencies as these amounts are considered fully collectible.

**F. OTHER INTRAGOVERNMENTAL ASSETS**

Other intragovernmental assets consist of prior fiscal years governmental advances to the legacy Department of the Treasury Working Capital Fund (WCF) for expenses of operating and maintaining common administrative services of Treasury provided to the FLETC prior to its transfer to DHS. In accordance with the established Treasury WCF procedures, funds for services were collected in advance and expended as services were provided by the WCF. The FLETC expects the WCF to refund these advances.

**G. PROPERTY, PLANT, AND EQUIPMENT**

The FLETC capitalizes property, plant, and equipment (PP&E) with an acquisition value of \$50,000 or greater, and a useful life of two or more years. Major alterations and renovations are also capitalized, while minor equipment costs are charged to expenses as incurred. Property and equipment transferred to the FLETC from other agencies are recorded at the net book value at the date they are transferred to the FLETC. Costs for construction projects are recorded as construction-in-progress until completed, and are then reclassified to a depreciable asset. There are no restrictions on the use or convertibility of general PP&E.

Depreciation is calculated on a straight-line basis over estimated useful lives ranging from five to thirty years, once the asset has been placed in service. Land is not depreciated. Buildings acquired under capital leases are amortized over the lease term. Routine repairs and maintenance are expensed as incurred.

The FLETC also capitalizes its internal use software. Internal use software includes purchased commercial off-the-shelf software (COTS), internally developed, or contractor-developed. For COTS, the FLETC capitalizes the amount paid to the vendor for the software. For contractor developed software, the capitalized costs include the amount paid to a contractor to design, program, install and implement the software. Capitalized costs for internally developed software include the full costs (direct and indirect costs) incurred during the software development phase. Amortization of the capitalized software is calculated using the straight-line method beginning on the date of acquisition, if purchased, or when successfully tested and placed in use, if developed.

#### **H. ACCRUED PAYROLL AND OTHER BENEFITS**

Accrued payroll and other benefits include annual leave, compensatory time, and other leave time. The accrual for these items represents the leave time earned by the FLETC employees but not taken, and is computed using current compensation rates. Sick leave is not accrued when earned, but is expensed when taken as employees do not get paid for unused sick time upon separation from the organization.

#### **I. PENSION COSTS AND OTHER RETIREMENT BENEFITS**

The FLETC recognizes the full annual cost of its civilian employees' pension benefits; however, the assets of the plan and liability associated with these costs are recognized by the Office of Personnel Management (OPM) rather than the FLETC.

In general, employees hired prior to January 1, 1984, participate in the Civil Service Retirement System (CSRS), while employees hired after that date participate in the Federal Employees' Retirement System (FERS). The FLETC and its employees contribute to the retirement plan at a certain percent of base pay as provided by the OPM. The cost of providing these benefits by OPM is more than the amount contributed by the FLETC and its employees. The difference between the full annual cost of CSRS and FERS retirement plans and the amount paid by the FLETC is recorded as an imputed cost on the FLETC's Consolidated Statement of Net Cost, and also as an offsetting imputed financing source in the FLETC's Consolidated Statement of Net Position.

Similar to the retirement plans, the OPM, not the FLETC, reports the liability for future payments to retired employees who participate in the Federal Employees Health Benefits Program (FEHB) and the Federal Employees Group Life Insurance Program (FEGLI). The full cost of these benefits, however, is recorded in the FLETC's financial statements with an offsetting imputed financing source.

#### **J. FEDERAL EMPLOYEE BENEFITS PAYABLE – FECA ACTUARIAL LIABILITY**

The Federal Employees Compensation Act (FECA) program is administered by the U.S. Department of Labor (DOL) and provides income and medical cost protection to covered Federal civilian employees who have been injured on the job or have incurred a work-related occupational disease. Beneficiaries of employees whose death is attributable to a job-related injury or occupational disease receive compensation. The DOL initially pays valid FECA claims for all of the Federal government and seeks reimbursement two fiscal years later from the Federal agencies employing the claimants. Estimated future FECA costs are determined by the DOL for the DHS, which in turn, allocates to the FLETC actuarial liabilities not covered by budgetary resources. This governmental liability is determined by using the paid losses extrapolation method calculated over the next 37-year period. This method utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to

that period.

#### **K. LITIGATION CONTINGENCIES AND SETTLEMENTS**

Probable and estimable unsettled litigation and claims against the FLETC are recognized as a liability and expensed for the full amount of the expected loss. Expected litigation and claim losses include settlements to be paid from the Treasury Judgment Fund on behalf of the FLETC and settlements to be paid from the FLETC appropriations. Settlements to be paid from the Judgment Fund for the FLETC are recognized as an expense and imputed financing.

#### **L. ENVIRONMENTAL LIABILITY**

Cleanup costs, which are the costs of removing, containing and/or disposing of hazardous waste, represent an environmental liability. The FLETC records an accrual for the estimated total cleanup costs associated with its firearms ranges and buildings. Cost estimates are subject to revision as a result of changes in technology, environmental laws and regulations, inflation and plans for remediation. Any changes in the estimated total cleanup costs are expensed when re-estimates occur and the liability balance is adjusted.

#### **M. EARMARKED FUNDS**

The FLETC adopted SFFAS No. 27, *Identifying and Reporting Earmarked Funds*, which became effective in Fiscal Year (FY) 2006. Earmarked funds are financed by specifically identified revenues and are required by statute to be used for designated activities or purposes.

Earmarked non-exchange revenue and other financing sources, including appropriations and net cost of operations, are required to be shown separately on a statement of changes in net position. The portion of cumulative results of operations attributable to earmarked funds is required to be shown separately on both a statement of changes in net position and a balance sheet. The FLETC has only one earmarked fund, designated for gifts and donations. In both FY 2007 and FY 2006, the balance sheet impact is approximately \$500, and the statement of changes in net position impact is approximately \$46,000 and \$0, for the years ended September 30, 2007 and 2006, respectively. Due to the immaterial nature, earmarked activity is not separately reported in the financial information presented.

#### **N. REVENUES AND FINANCING SOURCES**

The FLETC receives the majority of its funding through annual, multi-year, no-year, and trust fund appropriations that may be used within statutory limits for operating and capital expenditures. Appropriations are recognized as financing sources when the related liability is incurred. The FLETC enters into reimbursable agreements with DHS and other Federal entities for services or goods provided. Under these arrangements, one entity provides goods or services to another at an agreed-upon price, and revenue from reimbursable agreements is recognized when the services or goods are provided.

Pursuant to the OMB/Treasury/FLETC funding policy that was approved in FY 1987, the FLETC finances the direct cost of basic training while the partner organizations pay for the cost of travel and per diem enroute, and reimburse the FLETC for actual costs of meals and lodging. The direct cost of basic training includes items such as the following:

- Utilities/janitorial services for classrooms
- Printed materials
- Role players
- Support contracts
- Ammunition
- Materials and supplies

In addition to the travel, meal and lodging costs, the partner organizations reimburse the FLETC for any variable costs incurred in the advanced training courses. State and local agencies normally pay for the actual costs of training.

Other minor financing sources the FLETC receives include gifts and transfers from the Department of Justice's Violent Crime Reduction Trust Fund.

**O. IMPUTED COSTS/FINANCING SOURCES**

The FLETC receives goods and services from certain other Federal government entities without reimbursing the providing entity for all related goods. These are subsidized costs that are recognized as imputed costs by the FLETC. Similarly, the FLETC often incurs costs that are partially or totally paid for by other entities. These are recorded as imputed financing sources. The FLETC recognizes both imputed costs and financing sources to the extent directed by the OMB and DHS. The FLETC recognizes intra-departmental imputed costs for law enforcement instructors detailed from the other DHS bureaus.

**P. TAX STATUS**

As an entity of the U.S. Government, the FLETC is exempt from all income taxes imposed by any governing body, whether it is a Federal, state, local or foreign government, or a Commonwealth of the United States.

**Q. USE OF ESTIMATES**

The preparation of consolidated financial statements requires management to make estimates and reasonable assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**R. RECLASSIFICATION**

Certain prior year amounts have been reclassified to conform to current year presentation.

**NOTE 2: NON-ENTITY ASSETS**

There are no non-entity assets as of September 30, 2007 and 2006. All assets are entity assets of the FLETC.

**NOTE 3: FUND BALANCE WITH TREASURY**

**A.** Fund Balances as of September 30, 2007 and 2006 (in thousands):

	<u>2007</u>	<u>2006</u>
General Funds	\$ 166,951	\$ 201,838
Other Funds	<u>683</u>	<u>452</u>
Total	<u>\$ 167,634</u>	<u>\$ 202,290</u>

General fund balances consist of amounts from direct and reimbursable appropriations which are available to fund the operations of the FLETC. Other fund balances result from the FLETC's authority to use the proceeds from the sale of surplus items and recyclable materials to purchase like-items. If these funds are not used for this restricted purpose within two years, the FLETC is required to transfer the funds to the Department of Treasury.

**B.** The status of Fund Balance with Treasury consisted of the following as of September 30, 2007 and 2006 (in thousands):

	<u>2007</u>	<u>2006</u>
Unobligated Balance		
Available	\$ 64,109	\$ 73,193
Unavailable	16,846	16,662
Obligated Balance not yet Disbursed	85,996	111,983
Restricted Unobligated Balance - Deposit Funds	<u>683</u>	<u>452</u>
Total	<u>\$ 167,634</u>	<u>\$ 202,290</u>

Agencies must close appropriation accounts available for obligation during a definite period at the end of the fifth fiscal year after the account's obligation availability ends. The FLETC canceled \$2.7 million and \$2.3 million at September 30, 2007 and 2006, respectively.

The FLETC had a cash balance of \$0 and \$27 thousand as of September 30, 2007 and 2006, respectively. The FLETC typically does not maintain cash, however the balance at fiscal year-end 2006, represented collections on hand, not yet deposited.

**NOTE 4: ACCOUNTS RECEIVABLE, NET**

**A. Intragovernmental Accounts Receivable**

Intragovernmental accounts receivable from other Federal agencies as of September 30, 2007 and 2006, total \$24.8 million and \$14.8 million, respectively. Intragovernmental accounts receivable are considered fully collectible.

## B. Public Accounts Receivable

Accounts receivable due from the public are recognized for law enforcement training provided to state, local and foreign governments. Receivables due from the public total \$0.9 million and \$1.3 million, net of an allowance for doubtful accounts totaling \$26 thousand and \$45 thousand, as of September 30, 2007 and 2006, respectively.

### NOTE 5: PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment (PP&E) consists of the following as of September 30, 2007 and 2006 (in thousands):

Category	Service Life (Years)	Acquisition Cost		Accumulated Depreciation/Amortization		Net Book Value	
		2007	2006	2007	2006	2007	2006
Land and Land Rights	N/A	\$ 5,336	\$ 4,077	\$ -	\$ -	\$ 5,336	\$ 4,077
Construction in Progress	N/A	32,193	48,059	-	-	32,193	48,059
Buildings, Structures and Facilities	20-30	519,036	404,112	124,803	107,850	394,233	296,262
Equipment:							
ADP	5	616	257	151	257	465	-
Vehicles	5-8	6,886	5,979	4,124	3,517	2,762	2,462
Other Equipment	5	6,546	3,767	3,811	3,223	2,735	544
Assets Under Capital Leases	20	68,164	68,164	15,346	11,937	52,818	56,227
Internally Developed Software	N/A	10,920	2,324	-	-	10,920	2,324
<b>Total Property, Plant and Equipment</b>		<b>\$ 649,697</b>	<b>\$ 536,739</b>	<b>\$ 148,235</b>	<b>\$ 126,784</b>	<b>\$ 501,462</b>	<b>\$ 409,955</b>

### NOTE 6: OTHER ASSETS

Other intragovernmental assets are comprised of \$0.3 million and \$0.4 million as of September 30, 2007 and 2006, respectively, for advances paid to the legacy Department of the Treasury Working Capital Fund. The balances are expected to be refunded from the Treasury.

**NOTE 7: LIABILITIES NOT COVERED BY BUDGETARY RESOURCES**

Liabilities not covered by budgetary resources consist of the following at September 30, 2007 and 2006 (in thousands):

	<u>2007</u>	<u>2006</u>
<u>Intragovernmental</u>		
Unfunded FECA Liability	\$ 3,497	\$ 2,991
Total Intragovernmental Not Covered by Budgetary Resources	<u>3,497</u>	<u>2,991</u>
<u>Public</u>		
Federal Employee and Veterans Benefits:		
Actuarial FECA Liability	15,668	11,264
Accrued Unfunded Annual Leave	7,652	7,288
Accrued Cleanup Cost Liability	13,760	11,197
Capital Lease Liability	58,895	61,153
Other:		
Contingent Liabilities	<u>-</u>	<u>350</u>
Total Public Not Covered by Budgetary Resources	<u>95,975</u>	<u>91,252</u>
Total Liabilities Not Covered by Budgetary Resources	99,472	94,243
Total Liabilities Covered by Budgetary Resources	<u>47,022</u>	<u>22,658</u>
Total Liabilities	<u>\$ 146,494</u>	<u>\$ 116,901</u>

The FLETC anticipates that the liabilities not covered by budgetary resources will be funded from future budgetary resources when required.

**NOTE 8: FEDERAL EMPLOYEE AND VETERANS' BENEFITS AND ACCRUED PAYROLL**

The FLETC's Federal Employee and Veterans' Benefits Payable, and accrued payroll and benefits balances, as of September 30, 2007 and 2006 are comprised as follows (in thousands):

	<u>2007</u>	<u>2006</u>
Actuarial FECA Liability	<u>\$ 15,668</u>	<u>\$ 11,264</u>
Total Federal Employee and Veterans Benefits	<u>\$ 15,668</u>	<u>\$ 11,264</u>
Accrued Payroll and Benefits	\$ 5,287	\$ 5,054
Accrued Unfunded Annual Leave	<u>7,652</u>	<u>7,288</u>
Total Accrued Payroll and Benefits	<u>\$ 12,939</u>	<u>\$ 12,342</u>

**NOTE 9: ENVIRONMENTAL CLEAN-UP LIABILITY**

The FLETC is legally responsible for cleaning up its sites with environmental contamination based on compliance with Federal, state and/or local environmental laws and regulations. The primary Federal laws associated with environmental cleanup are the Comprehensive Environmental Response, Compensation, and Liability Act and the Resource Conservation and Recovery Act.

The FLETC has recorded \$13.8 and \$11.2 million for environmental cleanup cost liability as of September 30, 2007 and 2006, respectively. The amount represents the total estimated cleanup costs for 34 firing ranges and for lead-based paint removal at all locations. Currently, there are no plans to close or clean up the ranges; however, the estimated costs of future cleanup represent a liability for financial reporting purposes.

The estimated costs recognized are based on the most current information and prior experience, as well as environmental studies, but are monitored on an ongoing basis. Cost estimates are subject to revision as a result of changes in technology, environmental laws and regulations, inflation and plans for remediation. Any changes in the estimated total cleanup costs are expensed when re-estimates occur and the liability balance adjusted.

**NOTE 10: OTHER LIABILITIES**

Other liabilities are comprised of the following as of September 30, 2007 and 2006 (in thousands):

	<u>2007</u>			<u>2006</u>		
	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
Intragovernmental:						
Unfunded FECA Liability	\$ -	\$ 3,497	\$ 3,497	\$ -	\$ 2,991	\$ 2,991
Employee Benefits Contributions and Payroll Taxes	-	-	-	4	-	4
Total Other Intragovernmental	<u>\$ -</u>	<u>\$ 3,497</u>	<u>\$ 3,497</u>	<u>\$ 4</u>	<u>\$ 2,991</u>	<u>\$ 2,995</u>
Public:						
Contingent Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 350	\$ 350
Liability for Advances and Prepayments	77	-	77	215	-	215
Other Accrued Liabilities	683	-	683	479	-	479
Total Other Nongovernmental Liabilities	<u>\$ 760</u>	<u>\$ -</u>	<u>\$ 760</u>	<u>\$ 694</u>	<u>\$ 350</u>	<u>\$ 1,044</u>

**NOTE 11: LEASES****A. FLETC as a Lessee****Capital Leases:**

In FY 2001 and FY 2002, the FLETC entered into 20-year leases for the construction and operation of three private, hotel-type facilities to meet an urgent need for additional law enforcement student housing. The FLETC records the net present value of the net lease payments for the three facilities as a capital lease liability, with the minimum lease payments allocated between the reduction of the capital lease liability and interest expense. The unamortized capital lease liability is \$58.9 million and \$61.2 million as of September 30, 2007 and 2006, respectively.

Estimated future minimum lease payments under capital leases were as follows as of September 30, 2007 (in thousands):

<u>Fiscal Year</u>	
2008	\$ 6,103
2009	6,103
2010	6,103
2011	6,103
2012	6,103
Beyond 2012	<u>63,801</u>
Total Future Lease Payments	94,316
Less: Imputed Interest	(31,388)
Less: Executory Costs	<u>(4,033)</u>
Net Capital Lease Liability	<u>\$ 58,895</u>

**Operating Leases:**

The FLETC leases various properties that are accounted for as operating leases, including an office space in Washington, DC that is leased from the General Services Administration (GSA). The GSA-leased equipment consists of various vehicles used for training. The non-GSA leases consist of office equipment such as copiers and postage meters. Lease arrangements are normal business practices by the GSA and commercial vendors as stipulated in the applicable GSA Federal supply schedule contracts. The future minimum lease payments under the current non-cancellable leases are as follows (in thousands):

<u>Fiscal Year</u>	GSA-Leased <u>Building</u>	GSA-Leased <u>Equipment</u>	Non-GSA Leased <u>Equipment</u>	<u>Totals</u>
2008	\$ 230	\$ 1,025	\$ 542	\$ 1,797
2009	230	1,025	42	1,297
2010	230	1,025	21	1,276
2011	230	1,025	3	1,258
2012	230	965	1	1,196
Beyond 2012	<u>690</u>	<u>2,895</u>	<u>-</u>	<u>3,585</u>
Total Future Minimum Lease Payments	<u>\$ 1,840</u>	<u>\$ 7,960</u>	<u>\$ 609</u>	<u>\$ 10,409</u>

**NOTE 12: COMMITMENTS AND CONTINGENCIES**

The FLETC is involved in various administrative proceedings incidental to its operations. The estimated contingent liability recorded at September 30, 2007 and 2006 is \$0 and \$350 thousand, respectively (see Note 10). Other claims for which loss probability is reasonably possible is estimated as approximately \$1.2 million and \$200 thousand at September 30, 2007 and 2006, respectively. Management vigorously contests all claims and lawsuits.

In addition to its lease commitments (see Note 11), the FLETC has estimated that contractual arrangements which may require future funding amount to approximately \$5 million as of September 30, 2007. See Note 16 for the amount of funded contractual agreements for goods and services that have been ordered but not yet received at fiscal year end.

**NOTE 13: INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE**

The FLETC provides law enforcement training services to other Federal agencies and state and local governments. Also, the FLETC provides program management services to the DHS Science and Technology Directorate for the construction of the National Biodefense Analysis and Countermeasures Center. Goods and services needed by the FLETC to deliver services are procured from other Federal agencies (intragovernmental costs) or from commercial sources (public costs). Intragovernmental expenses relate to the source of goods and services purchased by the FLETC, and not to the classification of the related revenue. Offsetting collections or reimbursement costs for training and construction management services are exchange revenue from other Federal agencies (intragovernmental) and from non-Federal entities (public). The purpose of this classification is to enable the Federal government to provide consolidated financial statements, and not to match public and intragovernmental revenue with costs that are incurred to produce public and intragovernmental revenue. Costs and exchange revenue associated in providing services for the years ended September 30, 2007 and 2006 are as follows (in thousands):

**Law Enforcement Training Programs**

	<u>2007</u>	<u>2006</u> (Unaudited)
Gross Costs - Intragovernmental	\$ 39,854	\$ 34,192
Gross Costs - With the Public	<u>372,830</u>	<u>286,126</u>
Total Program Costs	412,684	320,318
Earned Revenue - Intragovernmental	\$ 143,419	\$ 87,590
Earned Revenue - With the Public	<u>3,014</u>	<u>1,975</u>
Total Earned Revenue	146,433	89,565
<b>Net Costs of Operations</b>	<b><u>\$ 266,251</u></b>	<b><u>\$ 230,753</u></b>

**NOTE 14: APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED**

Apportionment categories are determined in accordance with the guidance provided in OMB Circular A-11, Preparation, Submission and Execution of the Budget. Category A apportionments distribute budgetary resources by fiscal quarters. Category B apportionments distribute budgetary resources by activities, projects, objects or a combination of these categories. Obligations incurred, which are all Category B, for the years ended September 30, 2007 and 2006 are (in thousands):

<u>Category B</u>	<u>FY 2007</u>	<u>FY 2006</u>
Direct	\$ 288,959	\$ 307,826
Reimbursable	<u>123,619</u>	<u>233,426</u>
Total	<u>\$ 412,578</u>	<u>\$ 541,252</u>

**NOTE 15: EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT (Unaudited)**

The reconciliation below explains the differences between the 2006 Statement of Budgetary Resources (SBR) and the actual amounts reported in the Budget of the United States Government. Amounts are in millions. Since financial statements are published before the Budget, the reconciliation is based on the prior year results. The FY 2007 results are expected to be published in the 2009 Budget in February 2008. The Budget of the U.S. Government can be found at the website, [www.whitehouse.gov](http://www.whitehouse.gov).

	<b>Budgetary Resources - P&amp;F Line 23.90</b>	<b>Obligations Incurred - P&amp;F Line 73.10</b>	<b>Distributed Offsetting Receipts - Treasury Annual Report</b>	<b>Net Outlays - P&amp;F Line 90.00</b>
<b>Federal Law Enforcement Training Center</b>				
Salaries and Expenses	\$ 312	\$ 270	\$ -	\$ 180
Acquisitions, Construction, Improvements, and Related Expenses	268	234	-	68
<b>Total FY 2006 Actuals per the 2008 President's Budget</b>	<u>580</u>	<u>504</u>	<u>-</u>	<u>248</u>
<b>Total FY 2006 Actuals per the SBR</b>	<u>631</u>	<u>541</u>	<u>(6)</u>	<u>242</u>
<b>Difference</b>	<u>(51)</u>	<u>(37)</u>	<u>(6)</u>	<u>6</u>
<b>Reconciling Items:</b>				
Unobligated balances & recoveries - Expired Funds	(51)	-	-	-
Obligations - Expired Funds	-	(37)	-	-
Excess collections of reimbursable training costs - Expired Funds	-	-	(6)	6
<b>Total of Reconciling Items:</b>	<u>(51)</u>	<u>(37)</u>	<u>(6)</u>	<u>6</u>
<b>Net Difference</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 16: UNDELIVERED ORDERS AT THE END OF THE PERIOD**

Undelivered orders as of September 30, 2007 and 2006 were approximately \$173.9 and \$243.0 million, respectively.

**NOTE 17: INCIDENTAL CUSTODIAL COLLECTIONS**

The FLETC collects immaterial custodial revenues that are incidental to our primary mission. The collections primarily represent proceeds from the sale of surplus items and recyclable materials, which after two years, is required to be returned to the Department of Treasury if not used to purchase like items. In FY 2006, the FLETC additionally returned to Treasury excess collections of reimbursable training costs. The activity during the years ended September 30, 2007 and 2006 is (in thousands):



	<u>2007</u>	<u>2006</u> (Unaudited)
<b>Revenue Activity:</b>		
<b>Sources of Cash Collections</b>		
Miscellaneous	<u>\$ 189</u>	<u>\$ 6,494</u>
Total Cash Collections	<u>189</u>	<u>6,494</u>
<b>Total Custodial Revenue</b>	<b><u>189</u></b>	<b><u>6,494</u></b>
 <b>Disposition of Collections:</b>		
Transferred to Treasury General Fund Accounts	<u>189</u>	<u>6,494</u>
<b>Total Disposition of Collections</b>	<b><u>189</u></b>	<b><u>6,494</u></b>
<b>Net Custodial Activity</b>	<b><u><u>\$ -</u></u></b>	<b><u><u>\$ -</u></u></b>

**NOTE 18: RECONCILIATION OF NET COST TO BUDGET (formerly the Statement of Financing)**  
The reconciliation of budgetary obligations and non-budgetary resources available to the FLETC with its net cost of operations as of September 30, 2007 and 2006 is (in thousands):

	<u>2007</u>	<u>2006</u> (Unaudited)
Budgetary Resources Obligated		
Obligations Incurred	\$ 412,578	\$ 541,252
Less: Spending Authority from Offsetting Collections and Recoveries	<u>131,501</u>	<u>253,602</u>
Obligations Net of Offsetting Collections and Recoveries	281,077	287,650
Less: Offsetting Receipts	<u>189</u>	<u>6,494</u>
Net Obligations	<u>280,888</u>	<u>281,156</u>
Other Resources		
Donations and Forfeitures	46	-
Transfers In/Out Without Reimbursement	9,179	586
Imputed Financing from Costs Absorbed by Others	<u>20,453</u>	<u>19,985</u>
Net Other Resources Used to Finance Activities	<u>29,678</u>	<u>20,571</u>
Total Resources Used to Finance Activities	<u>310,566</u>	<u>301,727</u>
Resources Used to Finance Items Not Part of the Net Cost of Operations		
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not yet Provided	(40,591)	33,550
Resources that Fund Expenses Recognized in Prior Periods	(350)	-
Resources that Finance the Acquisition of Assets or Liquidation of Liabilities	115,101	67,558
Other Adjustments that do not Affect Net Cost of Operations	<u>-</u>	<u>6,125</u>
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	<u>74,160</u>	<u>107,233</u>
Total Resources Used to Finance the Net Cost of Operations	<u>236,406</u>	<u>194,494</u>
Components Requiring or Generating Resources in Future Periods		
Increase in Annual Leave Liability	365	565
Increase in Environmental and Disposal Liability	2,562	3,439
Increase in Exchange Revenue Receivable	-	(530)
Other	<u>4,909</u>	<u>16,228</u>
Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods	<u>7,836</u>	<u>19,702</u>
Components not Requiring or Generating Resources		
Depreciation and Amortization	21,917	16,544
Revaluation of Assets or Liabilities	<u>92</u>	<u>13</u>
Total Components of Net Cost of Operations that will not Require or Generate Resources	<u>22,009</u>	<u>16,557</u>
Total Components of Net Cost of Operations that will not Require or Generate Resources in the Current Period	<u>29,845</u>	<u>36,259</u>
Net Cost of Operations	<u>\$ 266,251</u>	<u>\$ 230,753</u>

## Required Supplementary Information (Unaudited)

### **DEFERRED MAINTENANCE**

The FLETC performs maintenance on its facilities. Maintenance includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life.

Deferred maintenance is maintenance that was not performed when it should have been or was scheduled to be and which, therefore, is put off or delayed for a future period. The charts below present information on the FLETC's deferred maintenance as of September 30, 2007 and 2006. The information is measured by condition assessment survey, which includes periodic inspections of PP&E.

**As of September 30, 2007**

Asset Category	Asset Condition /1. (check all applicable box with "x")			(in thousands) Deferred Maintenance Estimated Range	
	Good	Fair	Poor	Low	High
	Buildings, Structures, and Facilities	x	x	-	\$33,730
Equipment - Vehicles and Vessels	x	x	-	-	-
Equipment - Other	x	x	-	-	-
Stewardship/Heritage Assets				-	-
<b>Total</b>				<b>\$33,730</b>	<b>\$37,280</b>

**As of September 30, 2006**

Asset Category	Asset Condition /1. (check all applicable box with "x")			(in thousands) Deferred Maintenance Estimated Range	
	Good	Fair	Poor	Low	High
	Buildings, Structures, and Facilities	x	x	-	\$40,747
Equipment - Vehicles and Vessels	x	x	-	-	-
Equipment - Other	x	x	-	-	-
Stewardship/Heritage Assets				-	-
<b>Total</b>				<b>\$40,747</b>	<b>\$45,036</b>

**/1. Asset Condition**

**Good.** Facility/equipment condition meets established maintenance standards, operates efficiently, and has a normal life expectancy. Scheduled maintenance should be sufficient to maintain the current condition, and there is no deferred maintenance on assets in good condition.

**Fair.** Facility/equipment condition meets minimum maintenance standards, but requires additional maintenance or repair to prevent further deterioration, increase operating efficiency, and to achieve normal life expectancy. Deferred maintenance may need to be recognized.

**Poor.** Facility/equipment does not meet most maintenance standards and requires frequent repairs to prevent accelerated deterioration and provide a minimal level of operating function. In some cases, this includes condemned or failed facilities.

# Performance & Accountability Report Fiscal Year 2007

## Other Accompanying Information



THE FEDERAL LAW ENFORCEMENT TRAINING CENTER

GLYNCO | ARTESIA | CHARLESTON | CHELTENHAM | ILEA BOTSWANA | ILEA EL SALVADOR

## Other Accompanying Information (Unaudited)

### IPIA REPORTING DETAILS

In FY 2007, the FLETC followed the guidance set forth in Circular A-123, Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments, in assessing its programs for risk of improper payments and in testing the payment populations to support the assessed level of risk. The payment populations were segregated into three programs: Construction, Salaries and Expenses, and Law Enforcement Training. Each program was subjected to risk assessment factors established by DHS.

There were no programs identified as high risk of improper payments, as defined by Circular A-123, Appendix C. The statistical sampling performed on the populations of the three programs substantiated the low level of assessed risk indicating insignificant occurrences of improper payments as depicted in the chart below (dollars in thousands).

Program	Total Population	Total Sample	Percentage of Population Sampled	Estimate of Improper Payment
Construction	\$72,074	\$60,979	84.60%	.002%
Salaries & Expenses	\$45,331	\$17,129	37.78%	.001%
Law Enforcement Training	\$61,411	\$24,729	40.26%	.014%

The FLETC will continue to monitor its internal controls over the approval and payment process to sustain its low level of risk of improper payments.

**Performance & Accountability Report  
Fiscal Year 2007**

**Other Supplementary  
Information**



**THE FEDERAL LAW ENFORCEMENT TRAINING CENTER**

**GLYNCO | ARTESIA | CHARLESTON | CHELTENHAM | ILEA BOTSWANA | ILEA EL SALVADOR**

**PROGRAM EXPENSES**

The FLETC incurred \$413 and \$320 million of gross program expenses during the years ended September 30, 2007 and 2006, respectively. The breakdown of program expenses by major budget object class are as follows (in thousands):

<u>Program Expenses</u>	<u>2007</u>	<u>2006</u>
Personnel Costs	\$ 138,958	\$ 133,796
Services	117,570	95,315
Reimbursable Construction	62,471	-
Depreciation and Maintenance	45,204	42,623
Equipment	19,431	12,064
Supplies and Materials	15,500	11,121
Travel and Transportation	9,159	8,414
Miscellaneous	<u>4,391</u>	<u>16,985</u>
Total	<u>\$ 412,684</u>	<u>\$ 320,318</u>

## FLETC Partner Organizations

**3 Branches of Government  
31 Member Departments and Independent Agencies  
83 Partner Organizations**

### EXECUTIVE BRANCH:

<b>Agency for International Development</b>	Office of the Inspector General
<b>Agriculture</b>	U.S. Forest Service Office of the Inspector General
<b>Central Intelligence Agency</b>	Office of the Inspector General Office of Security
<b>Commerce</b>	Bureau of Industry and Security National Institute of Standards and Technology National Marine Fisheries Service Office of the Inspector General Office of Security
<b>Defense</b>	Air Force Office of Special Investigations Defense Criminal Investigative Service Defense Logistics Agency National Security Agency Naval Criminal Investigative Service Office of the Inspector General Pentagon Force Protection Agency
<b>Education</b>	Office of the Inspector General
<b>Energy</b>	Office of the Inspector General
<b>Environmental Protection Agency</b>	Criminal Investigations Division Office of the Inspector General
<b>Federal Deposit Insurance Corporation</b>	Office of the Inspector General
<b>General Services Administration</b>	Office of the Inspector General
<b>Health and Human Services</b>	Food and Drug Administration National Institutes of Health Office of the Inspector General
<b>Homeland Security</b>	Citizenship and Inspection Services Customs and Border Protection Federal Air Marshals Federal Emergency Management Agency Office of the Inspector General Federal Emergency Management Agency Office of Safety and Security Federal Protective Service Immigration and Customs Enforcement Office of the Inspector General Transportation Security Administration U.S. Border Patrol U.S. Coast Guard U.S. Secret Service
<b>Housing and Urban Development</b>	Office of the Inspector General
<b>Interior</b>	Bureau of Indian Affairs Bureau of Land Management Bureau of Reclamation Fish and Wildlife Service National Park Service Office of the Inspector General Office of Surface Mining, Reclamation and Enforcement U.S. Park Police
<b>Justice</b>	Bureau of Alcohol, Tobacco and Firearms Federal Bureau of Prisons

	Federal Bureau of Investigations Police Office of the Inspector General U.S. Marshals Service
<b>Labor</b>	Office of the Inspector General
<b>National Aeronautics and Space Administration</b>	Office of the Inspector General
<b>National Railroad Passenger Corporation</b>	Amtrak Police
<b>Nuclear Regulatory Commission</b>	Office of the Inspector General
<b>Office of Personnel Management</b>	Office of the Inspector General
<b>Railroad Retirement Board</b>	Office of the Inspector General
<b>Small Business Administration</b>	Office of the Inspector General
<b>Smithsonian Institute</b>	National Zoological Park Office of Protection Services
<b>Social Security Administration</b>	Office of the Inspector General
<b>State</b>	Bureau of Diplomatic Security Office of the Inspector General
<b>Tennessee Valley Authority</b>	Office of the Inspector General TVA Police
<b>Transportation</b>	Office of the Inspector General
<b>Treasury</b>	Bureau of Engraving and Printing Financial Crimes Enforcement Network Internal Revenue Service Criminal Investigations Division Office of the Inspector General Treasury Inspector General for Tax Administration U.S. Mint
<b>U.S. Postal Service</b>	Office of the Inspector General Postal Inspection Service-Postal Police
<b>Veterans Affairs</b>	Office of the Inspector General
<b>JUDICIAL BRANCH:</b>	
<b>U.S Courts</b>	Office of Probation and Pretrial Services Supreme Court Police
<b>LEGISLATIVE BRANCH:</b>	
<b>U.S. Congress</b>	Library of Congress Police Office of the Inspector General Office of Security U.S. Capitol Police

## Principal Officials of the FLETC

Director.....	Connie L. Patrick
Chief of Staff.....	Jane C. Titus
Chief Counsel.....	Vacant
Public Affairs Officer.....	Peggy D. Dixon
Senior Associate Director, Washington Operations.....	John C. Dooher
Assistant Director - Chief Financial Officer.....	Alan L. Titus
Deputy Director.....	D. Kenneth Keene
Assistant Director, Training.....	Vacant
Deputy Assistant Director, Training Operations.....	Bradley W. Smith
Deputy Assistant Director, Training Applications.....	Marie R. Bauer
Assistant Director, Training Innovation and Management.....	Michael R. Hanneld
Deputy Assistant Director, Training Management.....	Robert Ray
Deputy Assistant Director, Training Support.....	Patricia L. Mercer
Assistant Director, Field Training .....	Cynthia J. Atwood
Deputy Assistant Director, Artesia Operations.....	Joseph W. Wright
Deputy Assistant Director, State and Local Law Enforcement Training.....	Seymour Jones
Deputy Assistant Director, Charleston Operations.....	Vacant
Deputy Assistant Director, Cheltenham Operations.....	Robert A. Smith
Assistant Director, Administration .....	Marcus Hill
Deputy Assistant Director, Assets Management .....	Gregory G. Carver
Deputy Assistant Director, Operations Support .....	Bryan Lemons
Assistant Director - Chief Information Officer.....	Sandra H. Peavy
Deputy Assistant Director, Chief Information Officer.....	Raymond Barnett

*In Memoriam*



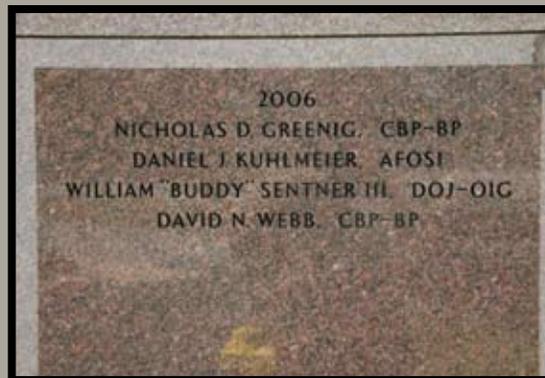
THE MAKING OF A MEMORIAL



*embracing memories  
with dignity and honor*



EMBRACING MEMORIES WITH DIGNITY  
AND HONOR





WE TRAIN THOSE WHO PROTECT OUR HOMELAND

Federal Law Enforcement Training Center  
U. S. Department of Homeland Security  
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Homeland  
Security