

fiscal year

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

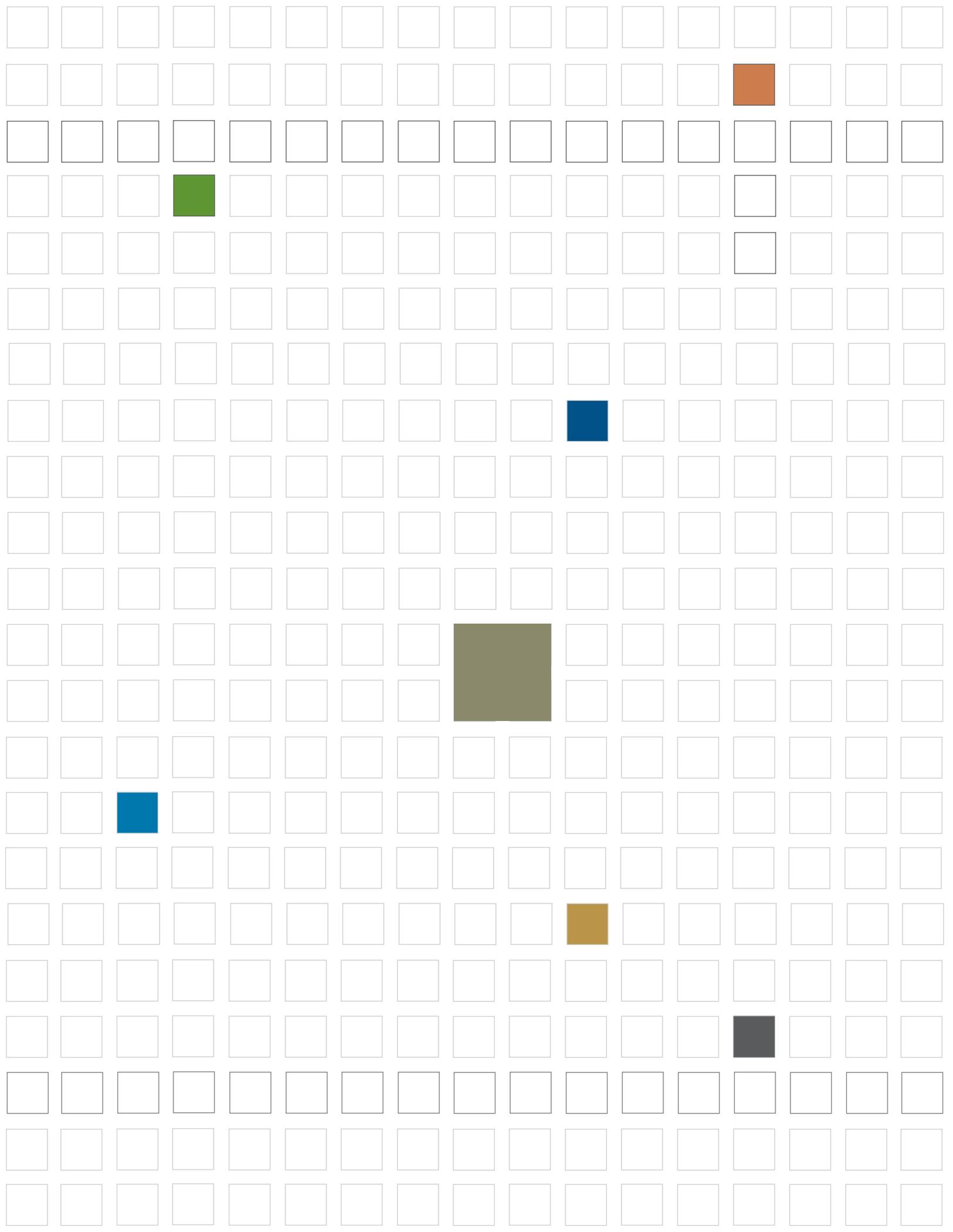
Agency Financial Report

Fiscal Year 2008

Federal Law Enforcement Training Center



Homeland
Security





Homeland Security

Message from the Director



I am pleased to present the Federal Law Enforcement Training Center's (FLETC) Agency Financial Report (AFR) for Fiscal Year (FY) 2008. The FLETC has chosen to produce this alternative to the Performance and Accountability Report (PAR) under the FY 2008 pilot project pursuant to OMB Circular A-136.

The FLETC's mission is to train those who protect our homeland. We continually strive to provide fast, flexible and focused training that best meets our partner organizations' and other customers' needs. This AFR provides operational highlights and financial performance information to assist readers of the report in judging the success of the FLETC in fulfilling its mission. Management deems the information contained to be accurate and complete. The FLETC holds itself accountable for efficient

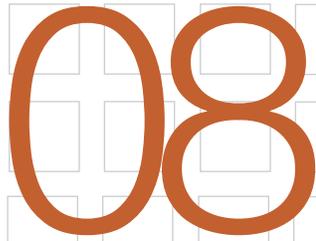
and effective operations, and the assessments of its internal controls and compliance are discussed in the Management's Discussion and Analysis, the Chief Financial Officer's letter and the Independent Auditors' Report contained within this AFR.

As described in the 2008 Highlights section of this report, the FLETC was very active throughout FY 2008 developing new training programs, completing several construction projects, conducting program accreditations and implementing other initiatives. Notable items include the opening of a new Situational Training Complex and a new Interviewing Complex. The FLETC further endeavors to improve the overall environment for the students. For example, in 2008 we introduced a new Dormitory Complex in Artesia and expanded the student dining options in Glynco. We also continue to upgrade our technology and develop our people as we prepare for upcoming changes and challenges.

Fiscal Year 2008 resulted in the training of nearly 62,000 law enforcement professionals. Law enforcement professionals are the front-line protectors of our homeland. The FLETC takes its mission very seriously. Exceptional training is vital for effective and safe enforcement of the law. Let us continue to make America a safer place.

A handwritten signature in cursive script that reads "Connie L. Patrick".

Connie L. Patrick
Director
Federal Law Enforcement Training Center



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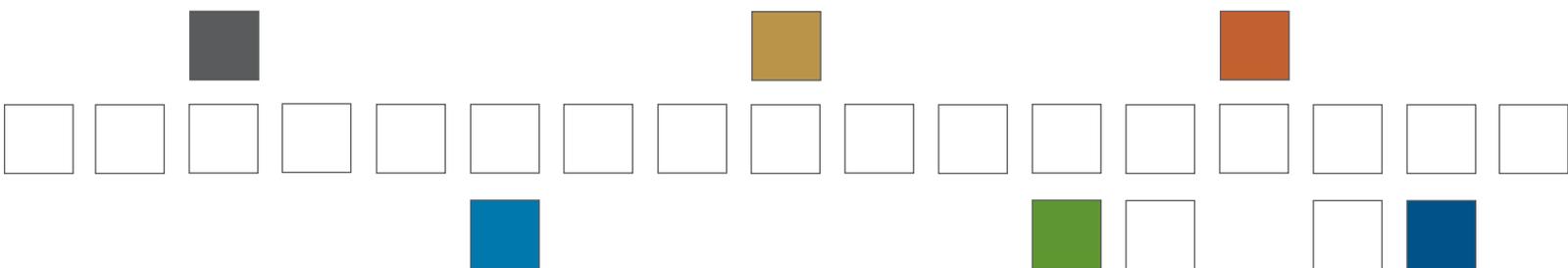
AGENCY FINANCIAL REPORT

Fiscal Year 2008

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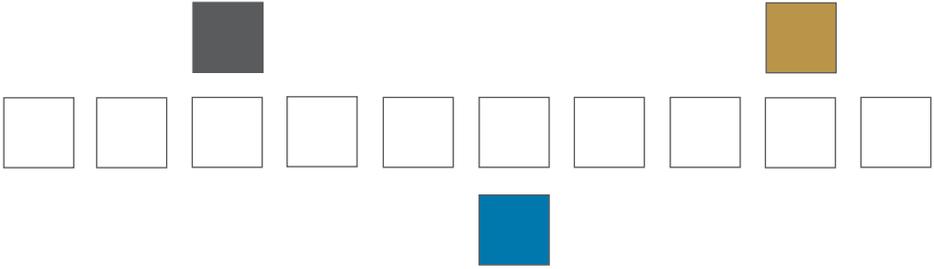
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For more information or additional copies of this report contact the
Public Affairs Office, Federal Law Enforcement Training Center, Glynco, GA 31524, 912.267.2447



Scene from a FLETC training video production for the Transportation Security Administration

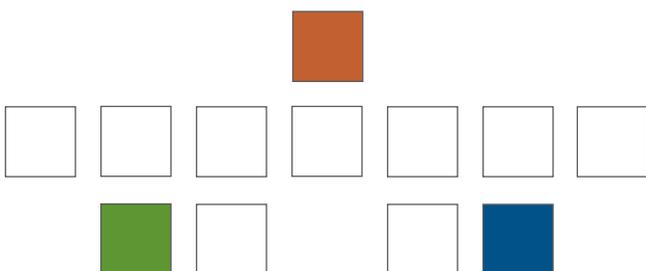


Executive Summary

The Federal Law Enforcement Training Center (FLETC) has elected to prepare an Agency Financial Report (AFR). The AFR is an alternative to the Performance and Accountability Report (PAR), pursuant to the Office of Management and Budget (OMB) pilot program addressed in Circular A-136, Financial Reporting Requirements.

This report complies with the AFR format established by OMB Circular A-136, and includes a message from the FLETC's Director, Management's Discussion and Analysis in Part I, Financial Information Section in Part II and Other Accompanying Information 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 II. Part III presents Supplementary Information relevant to the FLETC training operations.

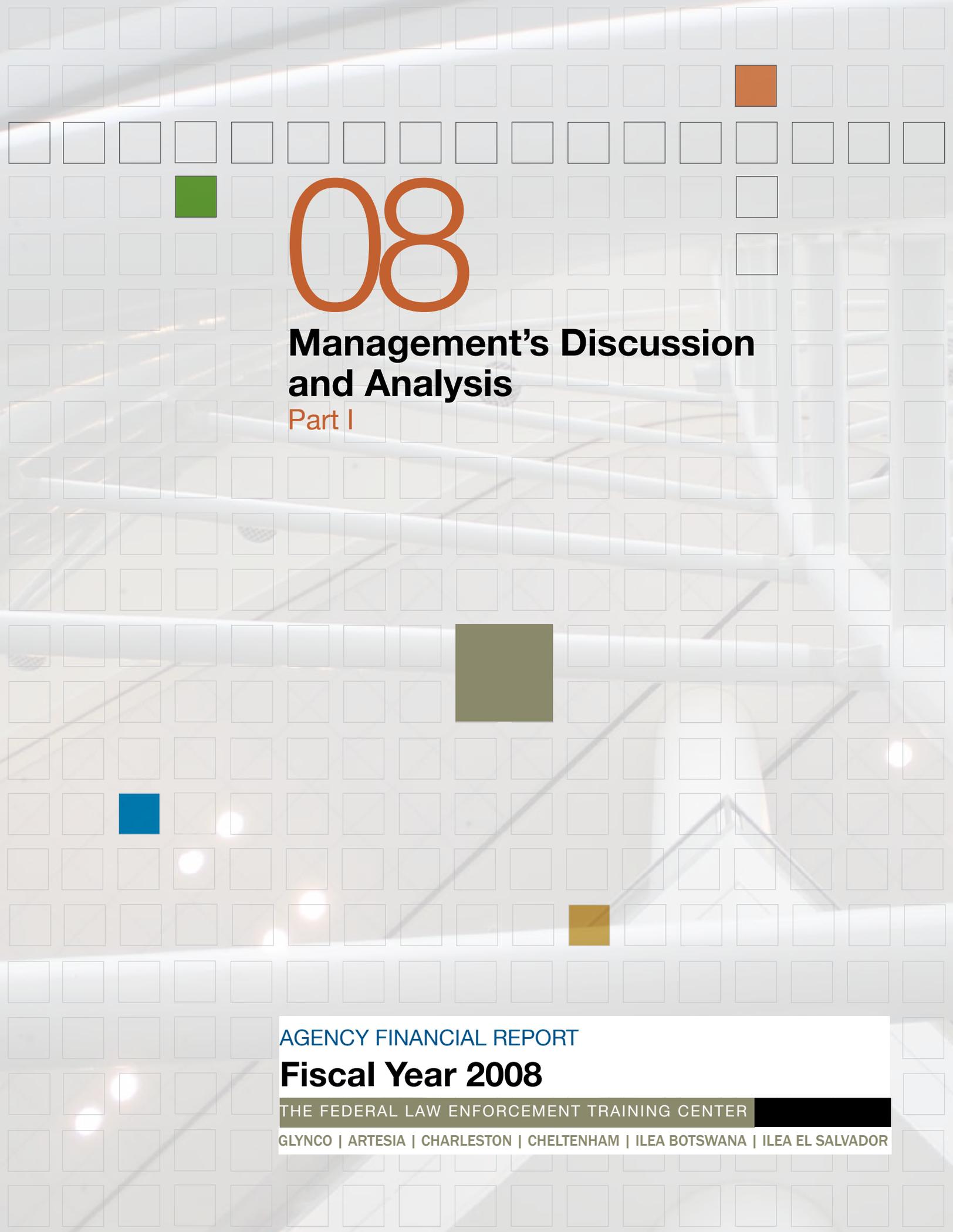
A copy of the FLETC's FY 2008 AFR is available for public review and downloading at the FLETC's Web Page: <http://www.fletc.gov/reference/reports>.





In addition to providing law enforcement training to 87 federal organizations, the FLETC also exports training programs to state and local agencies.





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Management's Discussion and Analysis

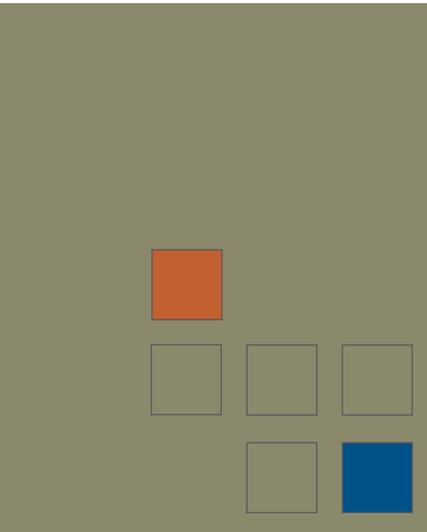
Part I

AGENCY FINANCIAL REPORT

Fiscal Year 2008

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 and international law enforcement personnel. The number of agencies attending training and the number of students trained have steadily increased over the FLETC's 38-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.

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 87 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 train those who protect our homeland. The FLETC serves 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

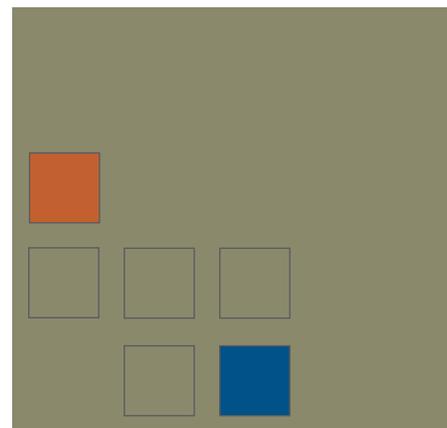
The FLETC, whose senior manager is the Director, is organized into six directorates. The following describes the elements in the Table of Organization:

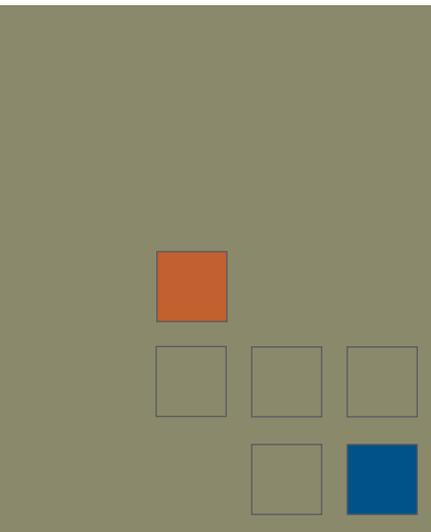
Office of the Director: The Office of the Director administers the activities of the FLETC and is responsible for accomplishing its mission. The Director provides overall direction for the operation of the FLETC's programs with the objective of ensuring effective, efficient and economical administration.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

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.





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.

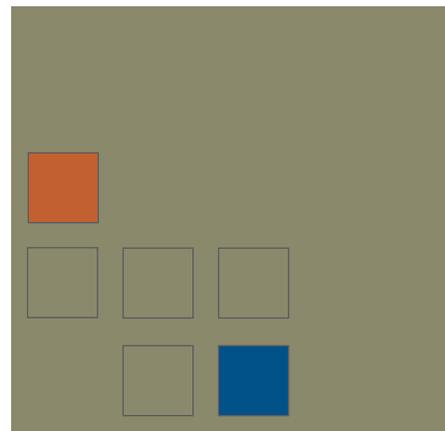
oversight for the administration and delivery of international law enforcement training programs. The office plans, develops, and presents training courses and practical exercise applications related to international law enforcement training.

- **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.

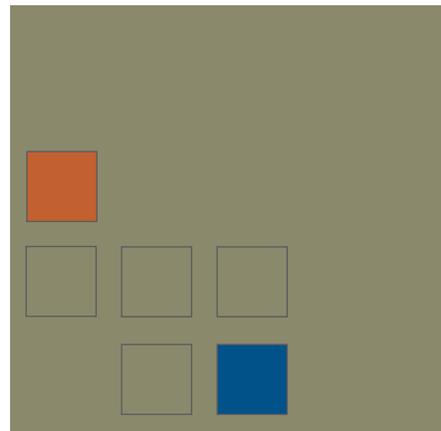
Office of the Deputy Director: The Deputy Director assists the Director and acts, in her behalf during her absence, in administering the activities of the FLETC. The Deputy Director provides overall direction to the five subordinate directorates for the operation of the FLETC's programs. In addition, 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.

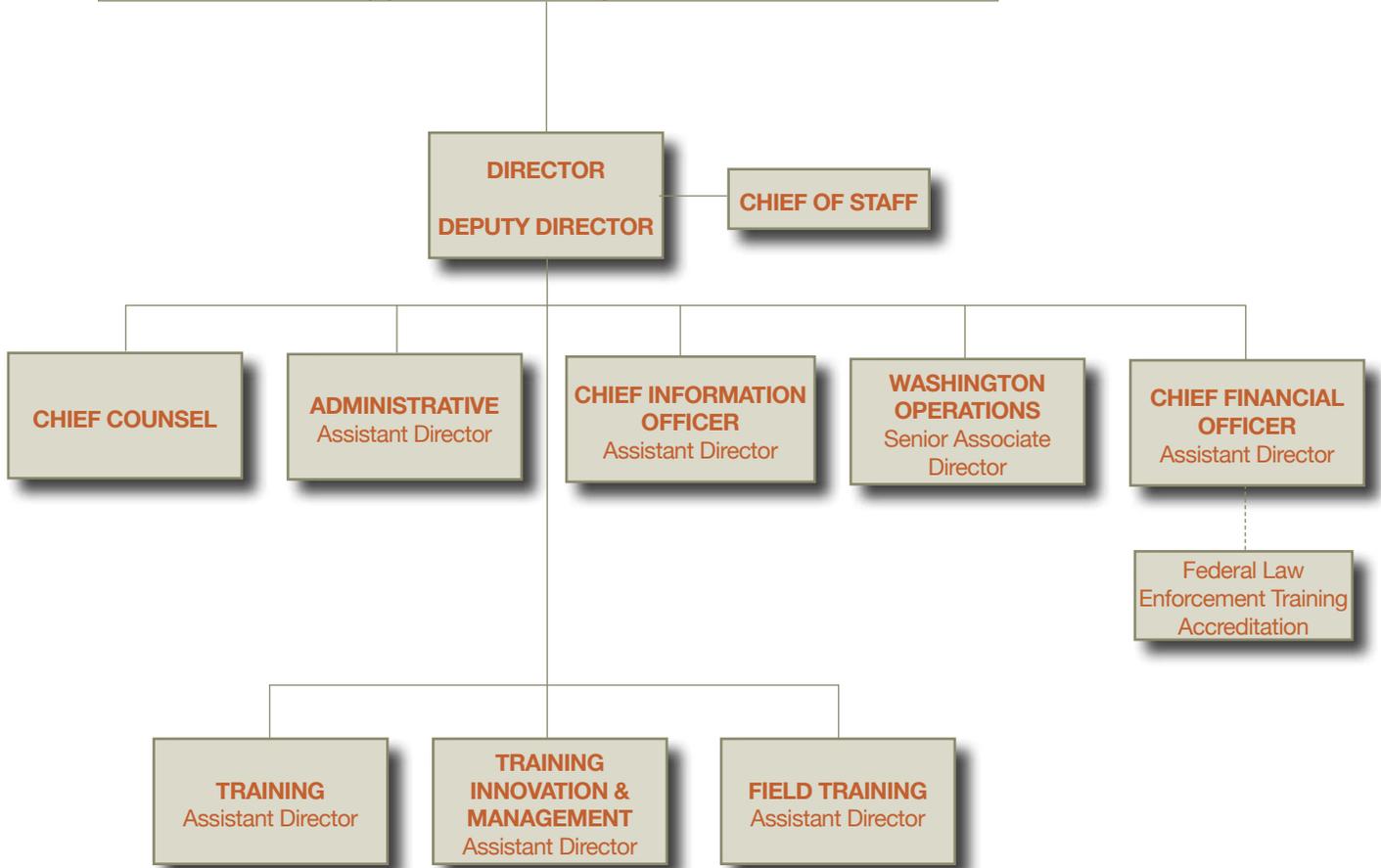
- **Legal Division:** This division plans, develops, and presents formal training courses and practical exercise applications related to the U.S. Constitution, applicable case law, statutory provisions, criminal law and evidence procedures.
- **Firearms Division:** This division plans, develops, and presents formal 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 and application of training technology, and facilitates the integration of training activities with emerging technologies.



- **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 coordinates and implements new technologies for law enforcement training.



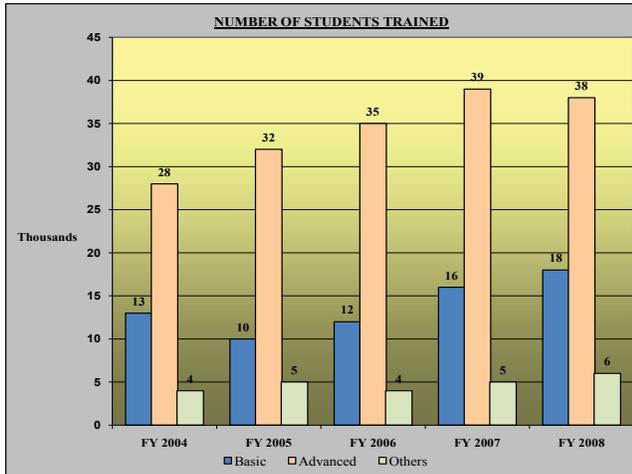
Federal Law Enforcement Training Center
Approved: January 29, 2007



The FLETC achieved accreditation of the Firearms Instructor Training Program and Uniformed Police Training Program in March 2008 and the Land Management Police Training Program in July 2008.

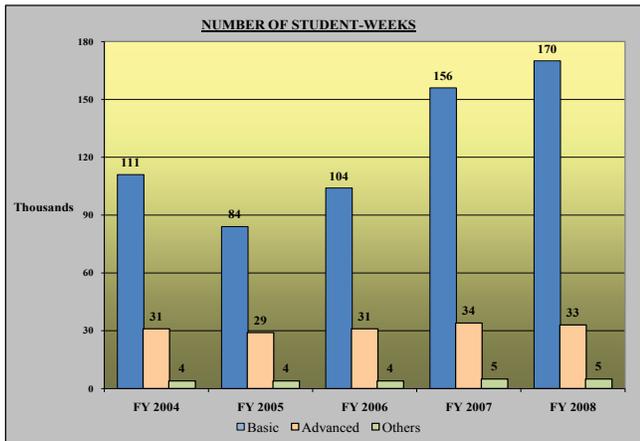
Workload Statistics

Number of Students Trained FY 2004 – FY 2008



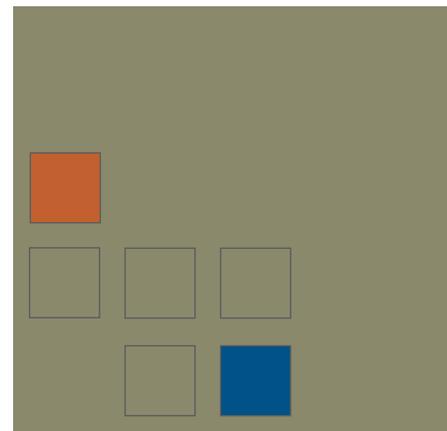
The number of students trained has grown consistently over the past five years. The number of students in FY 2008 is approximately 62 thousand, an increase of 2 thousand, or 3%, from FY 2007, and by 17 thousand, or 38%, since FY 2004.

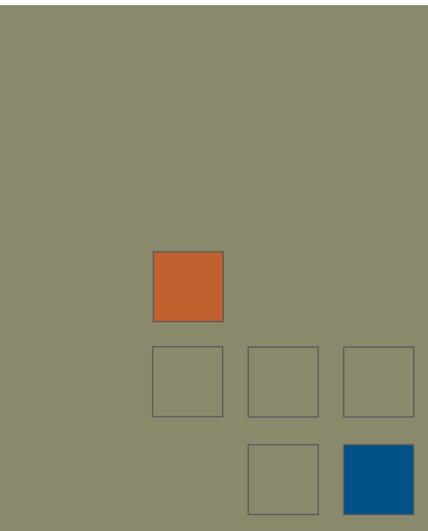
Number of Student-Weeks of Training FY 2004 – FY 2008



Student-weeks in FY 2008 were approximately 208 thousand, which represents an increase of 13 thousand, or 7%, over FY 2007. A large part of the training increase was in support of the Secure Border Initiative.

The number of students trained has grown consistently over the past five years.





The FLETC provided 208,356 student-weeks of training to 61,833 law enforcement agents and officers during FY 2008. Of the total student-weeks, 82% and 16% were attributed to the basic and advanced training programs, respectively.

Training Conducted by Site and Category – FY 2008

CATEGORY	STUDENTS	STUDENT-WEEKS	ARSP * PERCENT OF TOTAL	STUDENT-WEEKS
GLYNCO				
Basic	12,224	105,704	2,033	50.7%
Advanced	7,722	11,451	220	5.5%
State & Local	291	590	11	0.3%
Subtotal	20,237	117,745	2,264	56.5%
ARTESIA				
Basic	5,267	61,042	1,174	29.3%
Advanced	1,841	2,344	45	1.1%
State & Local	14	12	-	0.0%
Subtotal	7,122	63,398	1,219	30.4%
CHARLESTON				
Basic	383	2,358	45	1.1%
Advanced	7,039	13,381	257	6.4%
State & Local	248	811	16	0.4%
Subtotal	7,670	16,550	318	7.9%
CHELTENHAM				
Basic	414	1,161	22	0.6%
Advanced	19,067	3,386	65	1.6%
State & Local	204	143	3	0.1%
Subtotal	19,685	4,690	90	2.3%
EXPORT				
Advanced	2,464	2,431	47	1.2%
State & Local	3,412	2,436	47	1.2%
International	1,243	1,106	21	0.5%
Subtotal	7,119	5,973	115	2.9%
RECAP				
Basic	18,288	170,265	3,274	81.7%
Advanced	38,133	32,993	634	15.8%
State & Local	4,169	3,992	77	1.9%
International	1,243	1,106	21	0.5%
Total	61,833	208,356	4,006	100.0%

* Average Resident Student Population

Training Conducted by Site and Category – FY 2007

CATEGORY	STUDENTS	STUDENT-WEEKS	ARSP * PERCENT OF TOTAL	STUDENT-WEEKS
GLYNCO				
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%
ARTESIA				
Basic	2,784	54,236	1,043	27.9%
Advanced	1,903	2,453	47	1.2%
State & Local	-	-	-	0.0%
Subtotal	4,687	56,689	1,090	29.1%
CHARLESTON				
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%
CHELTENHAM				
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%
EXPORT				
Advanced	1,749	1,512	29	0.8%
State & Local	3,294	2,126	41	1.1%
International	916	1,324	25	0.6%
Subtotal	5,959	4,962	95	2.5%
RECAP				
Basic	16,089	156,128	3,002	80.2%
Advanced	39,380	34,043	655	17.4%
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

Fiscal Year 2008 HIGHLIGHTS

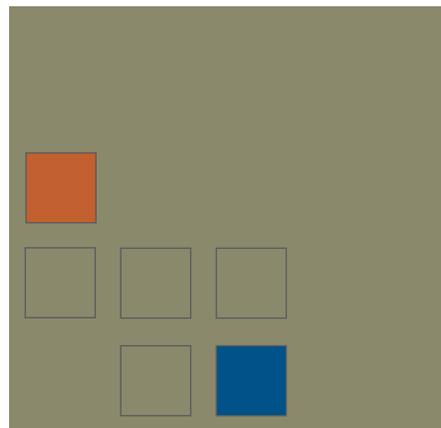
The FLETC continues to strengthen its operations in order to fulfill its mission and to support the needs of Partner Organizations and other organizations. During FY 2008, the following notable accomplishments were achieved.

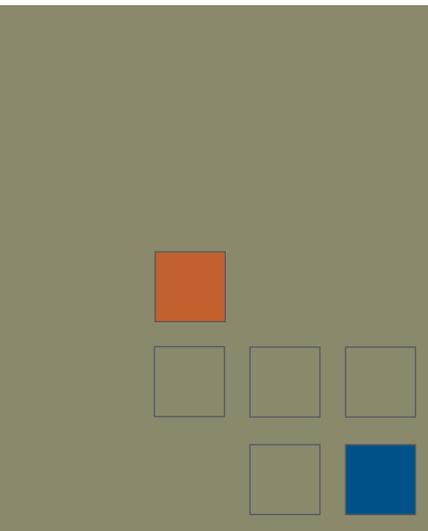
Training Programs and Partner Organizations (PO) Status

- ◆ **Basic Training Workload at FLETC Glynco.** The FLETC scheduled 66 Customs and Border Protection Integrated Training Program (CBPI) classes in FY 2008, providing training to approximately 3,000 new CBP officers. The FLETC also scheduled 39 Criminal Investigator Training Program classes, 13 Land Management Police Training Program classes, and 14 Uniformed Police Training Program classes in FY 2008. The FLETC met this demanding workload with innovative approaches to class scheduling, re-purposing existing facilities, procuring temporary facilities, and using local hotels for advanced students.
- ◆ **Growth of Training Programs.** The total number of FLETC and Partner Organization training programs conducted at the FLETC's four training and export sites grew to 479 active training programs in FY 2008. This growth is largely attributed to agency advanced training programs, which now total 300. These programs includes the FLETC's three flagship interagency basic training programs, 59 agency-specific basic training programs, and 106 FLETC advanced training programs.
- ◆ **New FLETC Partner Organizations (PO).** The FLETC welcomed five new POs to the PO community in FY 2008. The FLETC Director granted PO status to the Department of Energy Office of Security, the Department of Housing and Urban Development Protective Services Division, the Department of Labor Office of Labor Management Standards, Amtrak Office of Security, Strategy and Special Operations, and the Federal Reserve System. The FLETC now has 87 POs, including 59 from the Executive Branch, which includes agencies in 15 cabinet departments.
- ◆ **Accreditation of Training Programs.** In FY 2006, the Federal Law Enforcement Training Accreditation (FLETA) Board accredited the FLETC. Since then, the FLETA has accredited numerous FLETC basic and advanced training programs. The FLETC achieved accreditation of the Firearms Instructor Training Program and Uniformed Police Training Program in March 2008 and the Land Management Police Training Program in July 2008. With the Criminal Investigator Training Program accreditation in FY 2007, the FLETC has achieved accreditation of all three of its flagship interagency basic training programs.

New Training Programs

- ◆ **Advanced Forensic Techniques in Crime Scene Investigations I (AFTCSI-I).** The FLETC Forensics and Investigative Technologies Division conducted its first AFTCSI-I at Glynco, GA. The AFTCSI-I is a nine-day course designed for officers and agents who, upon completion of the program, will have the necessary skills to comprehensively investigate and document a crime scene.
- ◆ **Procurement Fraud Investigation Training Program (PFITP).** The FLETC Computer, Financial and Intelligence Division (CFI) conducted the pilot PFITP at Glynco, GA in January 2008. The PFITP is a two-week program for criminal investigators, non-criminal investigators, auditors, and attorneys to acquaint them with the unique issues involved with acquisition and contract fraud.
- ◆ **Product Substitution Investigation Training Program (PSITP).** The FLETC CFI conducted the pilot PSITP in St. Augustine, FL in March 2008. The PSITP is a one-week program for criminal investigators, non-criminal investigators, auditors, and attorneys to acquaint them with the unique issues involved with product substitution in the procurement process.





- ◆ **Grant Fraud Investigation Training Program (GFITP).** The FLETC CFI conducted the pilot GFITP in St. Augustine, FL in May 2008. The GFITP is a one-week program for criminal investigators, non-criminal investigators, auditors, and attorneys to acquaint them with the unique issues involved with grant fraud.
- ◆ **Mobile Device Investigation Training Program (MDIP).** The FLETC CFI conducted the pilot MDIP at Glynco, GA in March, 2008. With the growth of cellular telephones and other mobile communication devices, forensic analysis of these devices has become another rapidly evolving area that law enforcement has had to quickly develop expertise in. The MDIP is a one-week program that provides investigators with training in the art of cellular acquisitions, understanding GSM, CDMA, and iDEN technologies, and the art of framing investigations from evidence obtained through call detail records.
- ◆ **Law Enforcement Fitness Coordinators Training Program (LEFCTP).** The FLETC Physical Techniques Division successfully conducted a pilot and two renditions of the LEFCTP at Glynco, GA and Artesia, NM. The LEFCTP was designed for the Federal investigator and police officer charged with conducting physical fitness tests in the field. The LEFCTP presents the student with information concerning health, physical fitness assessments, physical conditioning, and functional fitness.
- ◆ **Tasked Based Language Training Program (TBLTP-Spanish).** In October 2007, the FLETC Office of Artesia Operations implemented the new eight-week Spanish Training program for non-Spanish agents who completed the U.S. Border Patrol Integrated Training Program. This program has received excellent reviews from the USBP Sector Chiefs, who reported that their trainees arrived at their duty stations with a higher level of proficiency.

Training Initiatives

- ◆ **Digital Delivery of Legal Training (Podcasting and Webcasting)** - The FLETC Legal Division initiated the digital delivery of legal training through podcasts and a webcast. These initiatives build on and augment the existing digital delivery of a written monthly case law summary (The Informer) and a substantial amount of published materials available at the Legal Division website, www.fletc.gov/legal. The digital training initiatives allow a greater geographical reach with a corresponding reduced cost, and faster delivery of legal training to a greater number of officers, agents, and attorneys in the field.
- ◆ **Federal Law Enforcement Legal Advisors Conference** - The FLETC Legal Division worked in conjunction with the Legal Instruction Units at the FBI Academy and DEA Academy in Quantico, VA., to develop a training conference for federal attorneys who advise law enforcement officers and agents. The two-day conference was conducted at the Bolger Center in Potomac, MD, and was attended by attorneys from numerous federal law enforcement agencies. The agenda focused on privacy, civil rights and information sharing with additional sessions on digital evidence, the Stafford Act and the DHS Emergency Authorities Manual.
- ◆ **Revised U.S. Border Patrol Integrated (USBPI) Training Program.** In October 2007, in conjunction with the USBP, the FLETC Office of Artesia Operations (OAO) implemented the revised basic training program for Border Patrol agents. By reducing the length of the program, the revised program allows newly trained agents to reach the field faster, helping to insure the success of meeting the SBI requirements.
- ◆ **Use of Simulators** - The FLETC Driver and Marine Division (DMD) has implemented the use of simulators into its basic and advanced training programs. Driver training simulators have been incorporated into all basic programs. The simulators are highly sophisticated, computerized projection units that can safely duplicate any type of driving condition. The students can learn and practice night driving, driving in congested urban settings, driving

on winding roads, through mountains, during heavy rain, snow, icy roads, or other conditions that cannot be replicated in an actual vehicle.

The FLETC DMD advanced driver training programs have been enhanced by incorporating simulator scenarios that depict extremely dangerous situations such as an unavoidable collision or fire. These types of scenarios have been designed and programmed to enable the advanced student to experience worse-case situations and survive what might otherwise be a fatal accident.

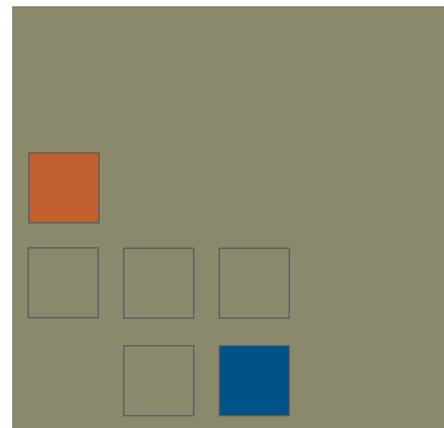
Additionally, marine training simulators have been introduced into the marine training programs. The FLETC DMD Marine Training Branch has programmed scenarios into their computerized projected scenarios that replicate the local coastline. The students learn and practice plotting and piloting a boat in the safety of a classroom prior to getting underway in actual vessels. The marine simulators also can assist in the instruction of Aids to Navigation and Night Piloting by introducing periods of darkness that the student must rely on his/her previous instruction to safely navigate area waters. As with the driver simulators, the marine simulators can introduce various sea and weather conditions that test the students' ability to demonstrate what was learned in the classroom and to safely return his/her boat and crew to a safe port.

- ◆ **Modification of the Intelligence Analyst Training Program (IATP).** The IATP is a two-week introductory program for intelligence analysts. The IATP is being transformed from a general introduction to intelligence analysis and the intelligence process to an in-depth study of analytical techniques. The transformation includes more significant practical applications than previously utilized.
- ◆ **Support to Department of Justice (DOJ) National Procurement Fraud Task Force (NPFTF).** Procurement fraud is a top priority of the DOJ and the Inspector General community. The FLETC CFI trains in procurement and grant fraud, suspension debarment, and product substitution investigation in support of the national task force, which was established in 2006.
- ◆ **Support to DHS Office of Intelligence and Analysis.** The FLETC CFI actively participates in the development of the training annex to the DHS Suspicious Activity Reporting Concept of Operations. This will define how suspicious activity reporting will be trained in DHS.

New Training Venues

- ◆ In FY 2008, the FLETC completed construction on the Situational Training Complex (STC) which came on-line for training April 1, 2008. The most recent addition to the Practical Application/Counterterrorism Operations Training Facility, the STC is an eighty-eight thousand square foot building designed for practical applications/scenario based law enforcement training. The STC is divided into three distinct training venues, the Federal Venue, the Tactical Venue and the Hotel/Motel Venue. The Federal Venue replicates a federal building and includes a main entrance and lobby area, office space, a courtroom, prisoner processing area, holding cells, interview rooms, command and control center and a vehicle sally-port. The Tactical Venue includes ramming stations, a cover management area, a reconfigurable training area, attic access and clearing area, several mazes and obstacle courses and a rappel tower. The Hotel/Motel includes a hotel lobby, hotel suites and rooms with interior access, and a restaurant. Motel rooms are accessible from an exterior parking area only and include a motel office. The STC will support existing and new training program requirements by providing realistic training environments and facilities for many of the training programs conducted at the FLETC.
- ◆ **Practical Applications Complex.** In August 2008, the FLETC Office of Cheltenham

...the STC is an eighty-eight thousand square foot building designed for practical applications/scenario based law enforcement training.



Operations (OCH) accepted the 40,000 square feet Practical Applications Complex (PAC) Building. The PAC Building, primarily for use by the United States Capitol Police, replicates many areas of both the House and Senate buildings.

Field Training

- ◆ **Curriculum Review Conference (CRC) for the Bureau of Indian Affairs and Federal Air Marshall Training Program Basic Programs.** In FY 2008, the FLETC Office of Artesia Operations conducted CRC on two of its three major basic training programs.
- ◆ **Relocation of Training Programs.** The FLETC Office of Charleston Operations (CHS) facilitated the relocation of seven agency advanced programs and two agency specific basic programs for Customs and Border Protection (CBP) from Glynco to Charleston in FY 2008. Five agency advanced programs, as well as one agency specific basic program, were also relocated to Charleston from Glynco for Immigration and Customs Enforcement (ICE). The relocation of these programs required significant FLETC CHS facility enhancements to enable both CBP and ICE to quickly start up operations while continuing to meet mission requirements.
- ◆ **Relocation of the FLETC CHS Physical Training Operations.** The FLETC CHS successfully relocated all physical training, the Health Unit, and Physical Trainers from a Department of State-owned facility to other FLETC-owned buildings without disruption of training. The contract for the construction of a new Physical Training Complex was awarded in FY 2008 with anticipated completion date in FY 2009.
- ◆ **State and Local Fellowships.** Two state and local law enforcement officers were assigned to the FLETC Office of State and Local (OSL) Training through the Intergovernmental Personnel Act. This experience-sharing opportunity facilitates the involvement of state and local officials in developing and delivering Intelligence Led Policing and Domestic Violence Instructor Training Programs.
- ◆ **State and Local Law Enforcement Training Symposia (SLEETS).** This new type of training modality for OSL offers workshops that run concurrently so that the students can select the training that meets their needs. The topics are selected by conducting a needs assessment with the host and surrounding law enforcement agencies. OSL delivered four iterations of the SLEETS at Panama City, FL, Spokane, WA, Wichita, KS, and Cheyenne, WY.
- ◆ **Customer Conference Requested Training.** The FLETC OSL provided training at regional and national law enforcement conferences throughout the country by coordinating the appropriate resources.
- ◆ **Elder Abuse Instructor Training.** In collaboration with the Department of Justice Office on Violence Against Women, the FLETC OSL developed this instructor development program to increase the effectiveness of law enforcement professionals tasked with delivering training related to the abuse of older adults.

International Training & Technical Assistance

- ◆ **International Law Enforcement Academy (ILEA) San Salvador, El Salvador.** The ILEA El Salvador held a ceremony in February 2008 to begin the construction of a new ILEA Academy under the FLETC's oversight. Thirty-two countries are participating in El Salvador.
- ◆ **ILEA Gaborone Botswana.** The ILEA Botswana held a major curriculum conference and added six new African countries, Burundi, Ghana, Guinea, Rwanda, Senegal and Sierra Leone as participating countries in the region.
- ◆ **Ukraine Border.** The FLETC Director and key staff participated in meetings with Ukraine Border officials and the U.S. Ambassador about progress in establishing a training academy

OSL offers workshops that run concurrently so that the students can select the training that meets their needs.

in the Ukraine for border and customs officers modeled after FLETC.

- ◆ **Balkan Law Enforcement Training Conference.** In July 2008, the FLETC Director and key staff participated in the first Balkans Law Enforcement Training Conference in Albania. Conference attendees included several country representatives from the region, the U.S. and OPSCCE ambassadors and ISICITAP. In her speech at the conference, the FLETC Director focused on common training problems and solutions for recently emerging democracies.
- ◆ **International Training Conducted.** In FY 2008, the FLETC delivered training programs in Belgium, Bulgaria, Canada, Ireland, Kyrgyzstan, Malaysia, Moldova, Romania, Singapore, and Ukraine.

Training Support

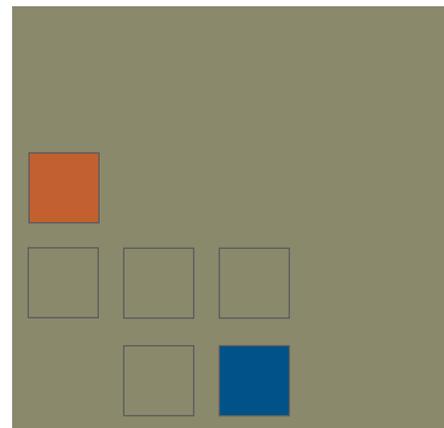
- ◆ **FLETC Student Administration & Scheduling System (SASS).** The SASS was designed as a tool to enable the FLETC to meet its mission by consolidating and integrating the vast amounts of training, scheduling and student related data currently maintained in multiple stand-alone systems. The implementation of this tool will facilitate changes to the FLETC current business practices relating to training curriculum, workload projections, and class scheduling that will enhance and streamline operation. The SASS project is currently in the Release 1.1 (Curriculum Design and Management, Master Scheduling, Planning and Forecasting) phase.
- ◆ **Immersive Simulations Used in FLETC Training.** Driver training simulators have been integrated into the Uniformed Officer Training Program. The driving simulator training return on investment was validated through pilot courses and independent studies that verified driving simulator effectiveness. The driving curriculum now includes cognitive simulator training. Plans for incorporation into additional training programs continue on schedule.

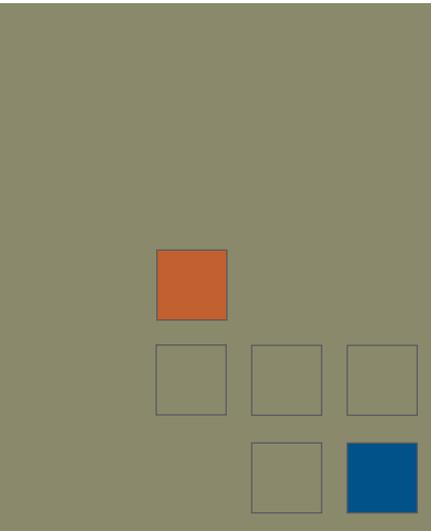
The Advanced Use of Force Training System with speech recognition is a research and development product of the National Institute of Justice and the Naval Air Warfare Center Training Systems Division in Orlando, FL. It is a simulation-based, cognitive decision-making use-of-force training system incorporating computer-generated imagery with a speech recognition engine and was designed to provide immersive, open-ended scenarios that provide trainees with numerous opportunities for judgmental decision making, verbal situation control, and, if necessary, weapon engagement skill practice. The inclusion of speech recognition with a law enforcement vocabulary has the potential to take use-of-force scenario based training to a new level. Two prototype systems (the only two in the country used by a law enforcement agency) were installed at FLETC Glynco facility in July 2008 and are being used for instructor training, research, demonstrations of how the technology can be applied in a law enforcement training environment, and for judgment pistol shooting in firearms training.

- ◆ **Tabletop Simulation Integrated in FLETC Training.** The FLETC integrated three tabletop simulations into its training programs in FY 2008. The Terrorism Indication and Prevention Simulation is used to train law enforcement officers on the importance of recognizing and reporting key indicators of possible future terrorist/criminal events. The simulation currently offers training on Suspicious Activity Reporting with additional environments and training applications planned for development throughout FY 2009.

AMBUSH is a Department of Defense simulation that has been adapted and integrated into the Protective Service Operations Training Program. Training is provided on team tactics for dignitary protection, team vehicle protection and escorts, and convoy protection. This simulation is in use at the Glynco, GA and Cheltenham, MD training facilities.

The SASS was designed as a tool to enable the FLETC to meet its mission by consolidating and integrating the vast amounts of training, scheduling and student related data currently maintained in multiple stand-alone systems.





Marine simulators are installed and simulator training is now in two separate training programs. Three additional simulators are scheduled for delivery in FY 2009.

- ◆ **Cooperative Research and Development Agreement (CRADA) with Washington State University (WSU).** The FLETC and the WSU criminal justice department entered into a CRADA in FY 2008 to share research designs, protocols and research results/products for measuring law enforcement officer performance in training scenarios related to lethal force. This joint research will identify critical performance elements associated with lethal force encounters and develop appropriate metrics to evaluate these elements.
- ◆ **Research at the FLETC.** The Survival Scores Research Project (SSRP) conducted research to maximize the effectiveness of scenario-based training and identify strategies and methodologies to enhance the continuity of training. The SSRP identifies how students translate their knowledge into effective actions during encounters that require assessment and response to rapidly evolving events. Researchers designed and tested two training delivery enhancements to increase the effectiveness of scenario-based training. The first is the Scenario Training Assessment and Review training assessment tool that grouped over one hundred performance criteria into eight essential areas that codify student's ability to assess situations, make decisions, and implement those decisions to control dynamic, rapidly evolving situations. The Student Centered Feedback was tested and results show it provided a more effective method of conducting After Action Reviews resulting in increased confidence and competence during training.
- ◆ **Simulation Consortium Formed.** The FLETC Training Innovation Division initiated and hosted a work group meeting for all Federal agencies that currently have simulation areas of emphasis or are trying to break into simulation training. Several additional meetings were held to discuss strategies, software and simulation technologies in use or under development. The consortium allows users of technology and simulation to share content and speak with a common voice to industry in order to increase purchasing/negotiating power. In addition to the FLETC, participation includes the U.S. Secret Service, Federal Bureau of Investigation, Department of Justice, DHS Science and Technology and the National Institute of Justice.
- ◆ **FLETC Glynco Library Transformation.** The FLETC Glynco library has been undergoing a transformation into a Multimedia Center with numerous improvements in FY 2008. The catalog of library assets is now electronically accessible for all staff and students at all FLETC locations. There are numerous computers with internet access and numerous practice tests, CBTs, and forms for various uses by the students. Interest in and use of the Multimedia Center continues to rise with a record number of customers being served in FY 2008.
- ◆ **Media Support at the FLETC.** The FLETC Media Support Division (MSD) set a production record in FY 2008, completing numerous graphic designs and producing training videos for the FLETC and its partner organizations. Also, the FLETC MSD produced numerous webcasts and podcasts, including the FLETC's first webcast.
- ◆ **Financial Management System Upgrade.** In August 2008, FLETC upgraded its Financial Accounting and Budgeting System (FABS) from Momentum Financials Software Version 3.7 to Version 6.1. The new FABS software includes numerous application and system enhancements.
- ◆ **Facility Construction and Renovation.** In FY 2008, FLETC completed approximately 100 construction projects with total value of \$80 million. At Glynco, GA, the new Interview Complex and Tactical Village, as well as the renovation of the main dining hall, security building, garage, etc., were completed. In Artesia, NM, the new dormitory was completed in February 2008, allowing the return to single and double occupancy in all dormitories. The renovation of a dormitory in Charleston, SC was completed in FY 2008. FLETC also converted fuel storage tanks to bio-diesel and Ethanol-85 tanks in Artesia, NM and Glynco,

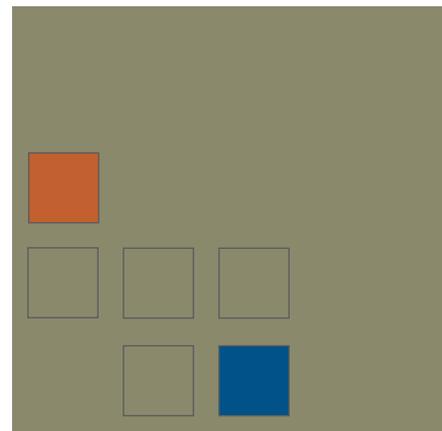
GA and awarded a contract for bio-diesel fuel for Glynco to meet mandatory requirements to decrease the use of gasoline.

- ◆ **Information Technology (IT) Initiatives.** In FY 2008, the FLETC Chief Information Office (CIO) Directorate completed numerous IT initiatives, including the following:
 - Transition to DHS OneNet Internet Gateway – FLETC transitioned from the legacy Internet gateway (IDC) to the DHS OneNet Internet Gateway in FY 2008 and met mandated transition deadlines.
 - Student Information System Failover/CP Test - conducted a full system Failover/ Continuity Plan Test from the Glynco production system to the Artesia COOP system.
 - Financial and Budgeting System (FABS) Implementation - designed, tested and deployed the upgraded FABS, including the deployment of Blade Server technology to support the various components of the FABS system (Application, Database and Web parts) and to provide an alternative method for failover/redundancy within the production environment as well as in the failover environment located in Artesia, NM. Also, the CIO assisted in establishing new firewall connections with Treasury for transmitting financial data, as well as firewall changes for DHS personnel to access FABS.
 - Certification and Accreditation (C&A) of FLETC Sites – completed C&A for the Glynco Administration LAN and Charleston Administrative LAN.
 - IT Upgrades and Implementation – implemented and upgraded standalone servers to VMWare/Blade technology thereby providing a robust contingency alternative for many mission critical systems and applications; implemented the Student Administration and Scheduling Demilitarization; upgraded the Local Area Network (LAN) and Wide Area Network (WAN) with newer network switches, upgraded circuits, and newer applications thereby improving the FLETC IT infrastructure and expanding the Voice Over IP capability; implemented PacketShaper to better support the administrative and training networks; upgraded the Artesia IT infrastructure, including the deployment of a Storage Area Network, Blade Servers and Voice over IP; upgraded the Sysmanec Backup Exec to allow technicians to encrypt backup tapes for secured shipment to offsite storage facilities; upgraded the Time Trade Server to ensure the server met hardening guidelines and mirror other FLETC, DHS, FISMA security requirements; implemented SecureLogix Voice Firewalls to monitor unauthorized voice traffic over the network; implemented Security Information Management System to collect security related auditing events from all network components; deployed the Washington Office Server to allow users to function independently of other FLETC sites with the exception of delivery of external email, which must rely on the Glynco infrastructure; and implemented the Service Desk Express SDE to provide an enterprise trouble ticketing and a change control tracking system. The deployment of SDE has improved the FLETC security posture as it relates to FISMA change control tracking.

Other Accomplishments

- ◆ **Awards.** In FY2008, FLETC received numerous awards, including the following:
 - Silver award from the Office of Federal Environmental Executive for FLETC's participation in their Federal Electronics Challenge.
 - Auditor's Award in the Superior Mission Achievement category from the DHS Chief Financial Officer for FLETC's dedication, expertise, and outstanding technical competence displayed in achieving a clean, unqualified audit opinion on FLETC's first full scope financial statement audit in FY 2007 and the Management Award in the DHS CFO Award for Exemplary Performance category for the oversight, guidance, and direction in establishing FLETC as a financial service provider to the Office of Intelligence Analysis and Office of Operations Coordination (IA/OPS) and providing audit support for two years with no material weaknesses identified within the Office of IA/OPS.
 - Two Competition and Acquisition Excellence Awards from the DHS Procurement Officer for FLETC Procurement Division's promoting and achieving competition

In FY 2008, FLETC received Auditor's Award in the Superior Mission Achievement category from the DHS Chief Financial Officer for FLETC's dedication, expertise, and outstanding technical competence...



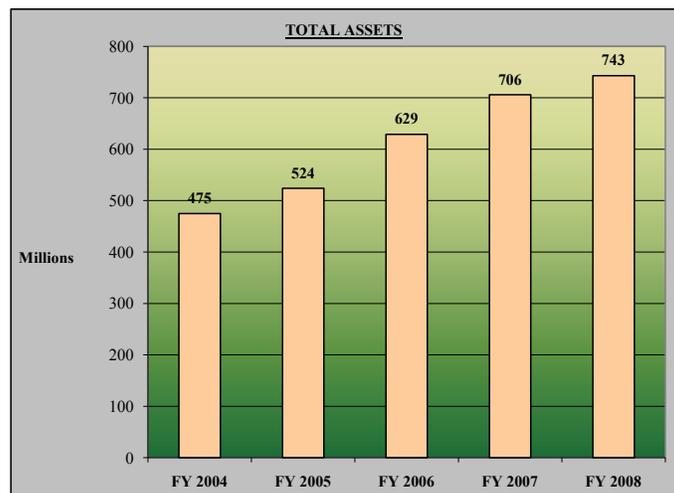
and for using innovative acquisition practices for use of the Construction Manager as Constructor (CMc) contracting method.

Analysis of the FLETC's Financial Statements

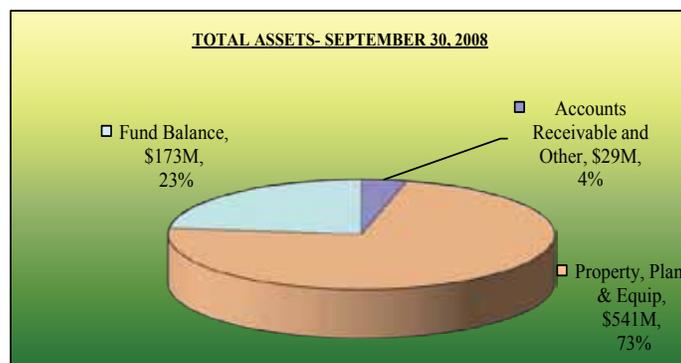
The FLETC's financial statements, including restated prior year statements (see Note 18), appear in Part II with notes to the financial statements and required supplementary information. This section includes key financial data relevant to the FLETC operations.

Financial Resources and Key Indicators

Assets (Restated)

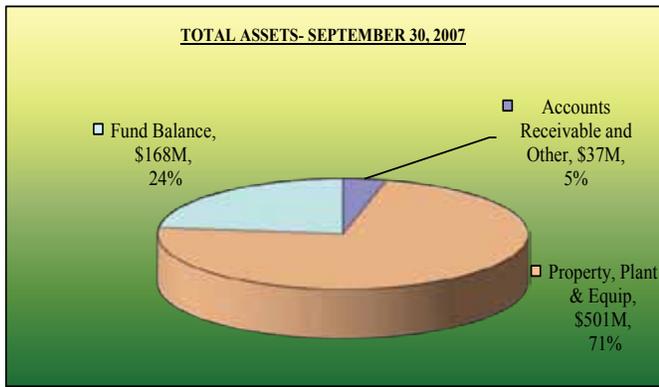


As of September 30, 2008, the FLETC had total assets of \$743 million, an increase of 5%, or \$37 million over September 30, 2007 restated assets of \$706 million. The increase is primarily due to the capitalization of costs of construction projects.

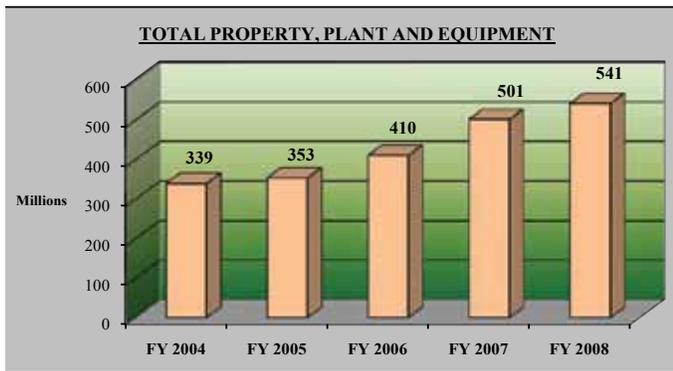


The majority of the FLETC's assets are comprised of plant, property, and equipment (PP&E) and Fund Balance with Treasury, totaling \$541 million and \$173 million, respectively, as of September 30, 2008.

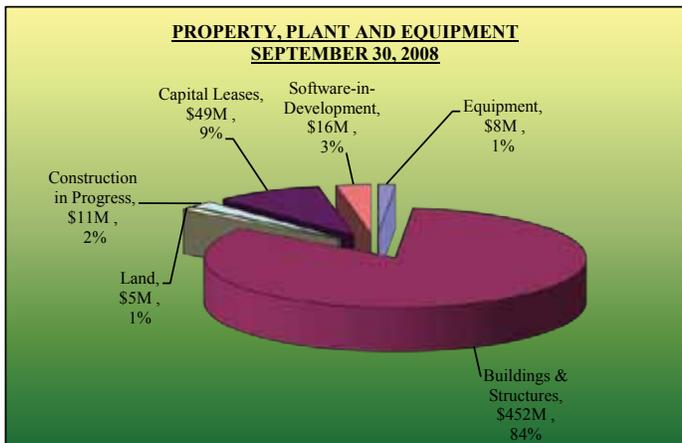
The FLETC's budgetary resources have generally increased throughout the past five years,



Property, Plant, and Equipment

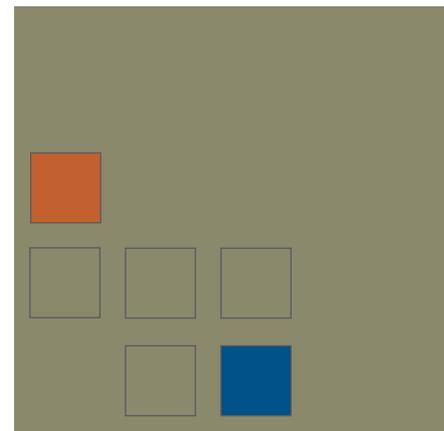


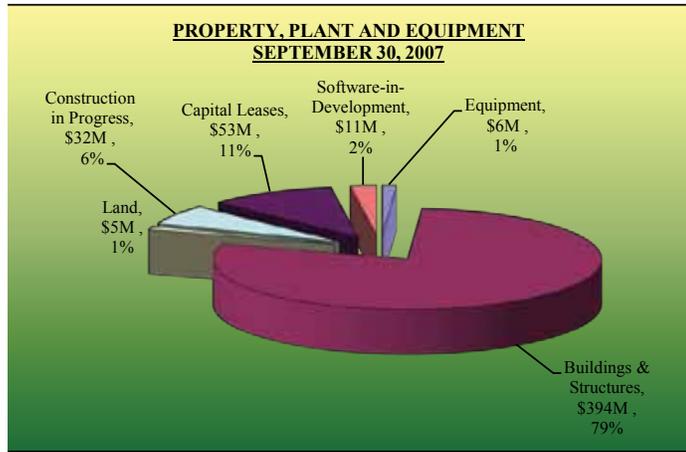
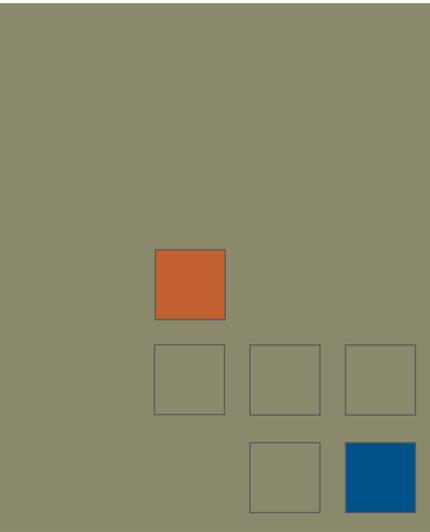
The FLETC’s net PP&E balance is \$541 million as of September 30, 2008, an increase of \$40 million, or 8%, from September 30, 2007. The increase is primarily due to ongoing facility construction and building renovations, including new training facilities and dormitories, as well as ongoing costs for an internally-developed software project.



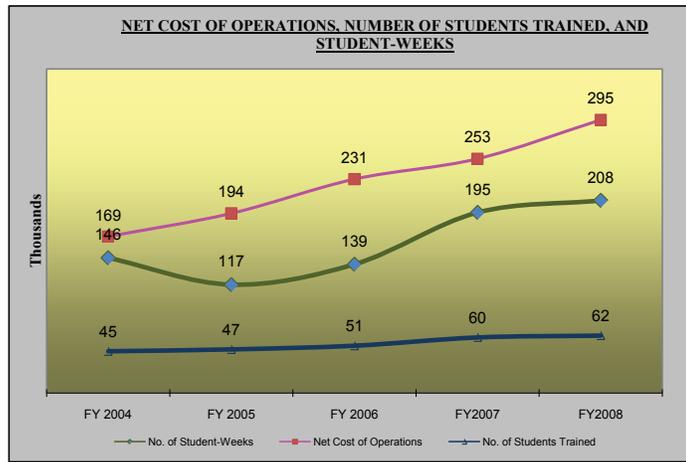
The majority of the FLETC’s PP&E accounts are buildings and structures with a net book value of \$452 million as of September 30, 2008. The net assets under a capital lease represent \$49 million as of September 30, 2008.

The FLETC incurred \$461 million of gross program expenses in FY 2008, compared to \$413 million in FY 2007.





Net Cost of Operations (Restated)

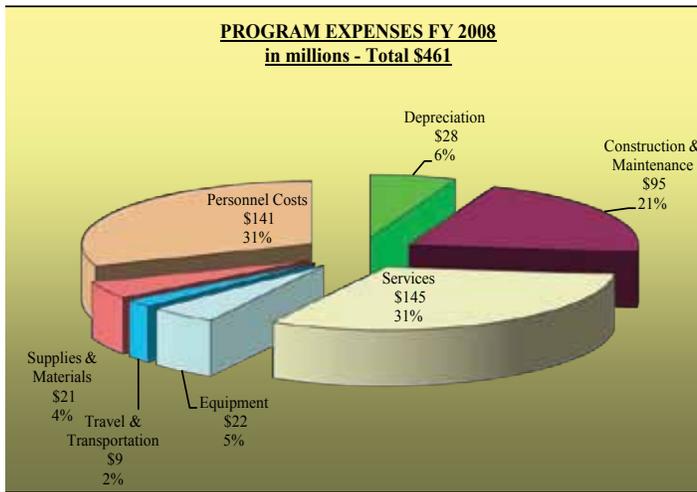


Reimbursable construction expenses represent a \$15 million, or 21%, increase from FY2007 reimbursable construction expenses of \$73 million

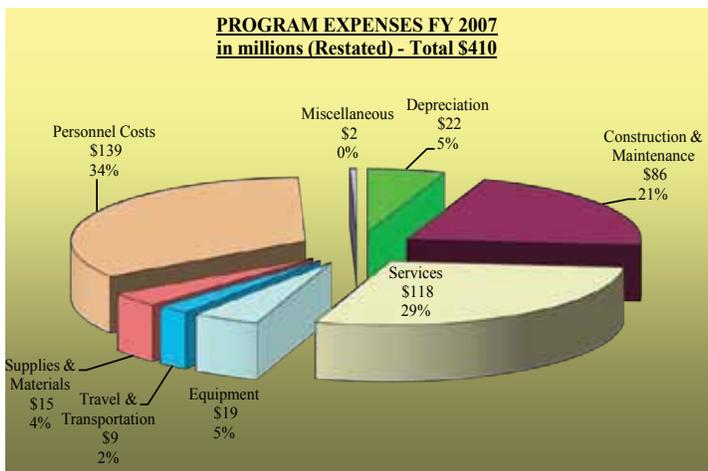
The FY 2008 net cost of operations increased by \$42 million, or 17%, from last fiscal year's restated net cost, primarily due to an increase in the number of students and student-weeks trained. The number of students trained and number of student-weeks increased by 3%, or 2 thousand students, and by 7%, or 13 thousand student-weeks, respectively, from FY 2007. The increases were primarily due to higher law enforcement training requirements, particularly for U.S. Customs and Border Protection.

Program Expenses (Restated)

The breakdown of the FLETC's program expenses by major budget object classes are presented below. Certain prior year amounts have been reclassified to conform to current year presentations.

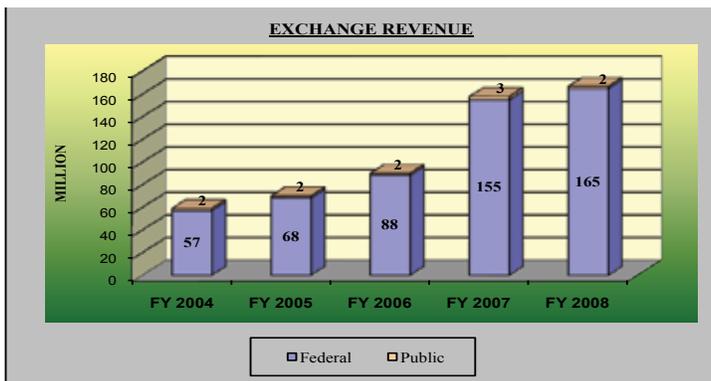


The FLETC incurred \$461 million of gross program expenses in FY 2008, compared to \$410 million of restated gross program expenses in FY 2007. Personnel and Services represent the largest categories of expenses at 31% respectively in FY2008. Expense categories as a percentage of total program expenses remained consistent from prior year. The Construction and Maintenance expenses include reimbursable construction costs of \$88 million for construction management services provided to other DHS and Federal agencies. Reimbursable construction expenses represent a \$15 million, or 21%, increase from FY2007 reimbursable construction expenses of \$73 million. This is attributable to more building projects being managed by the FLETC.

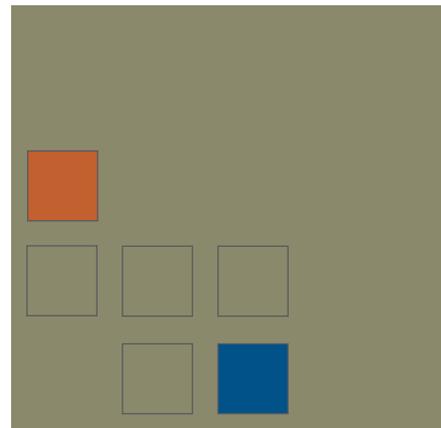


The FLETC's net PP&E balance is \$541 million as of September 30, 2008, an increase of \$40 million, or 8%, from September 30, 2007.

Exchange Revenue

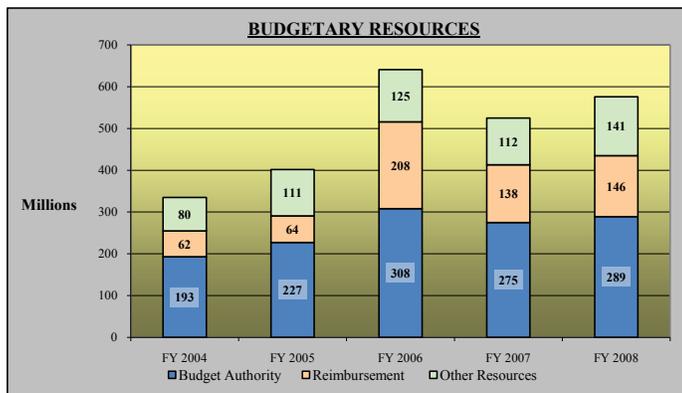


For the year ended September 30, 2008, the total exchange revenue amounted to \$167 million, of which \$165 million and \$2 million were derived from Federal agencies and state and local



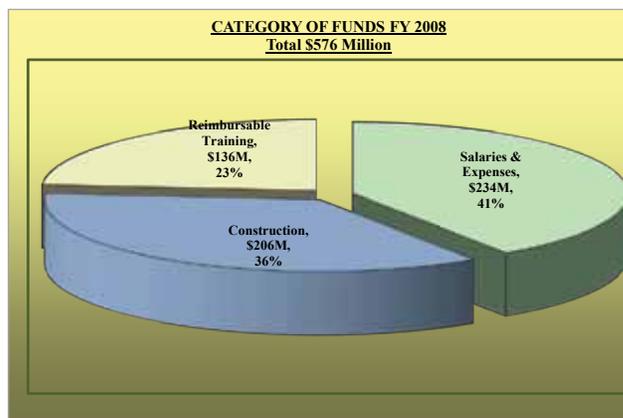
agencies, respectively. The exchange revenue increased by 6%, or \$9 million, from FY 2007 restated revenue of \$158 million, primarily due to the Partner Organizations' reimbursement to the FLETC for construction and renovation of facilities, as well as increased training services.

Budgetary Resources (Restated)



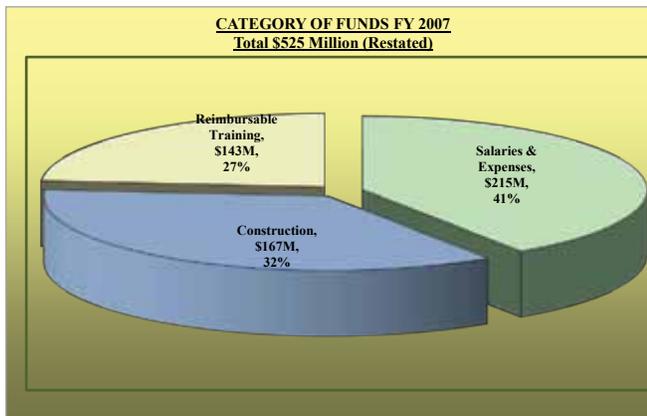
Budgetary resources consist of the budget authority or annual appropriations, reimbursement for training services, and other resources comprised primarily of carryover funds for multi-year and no-year appropriations. The FLETC's budgetary resources have generally increased throughout the past five years, with FY 2006 representing the highest amounts for additional facilities to be built in support of increased U.S. Border Patrol training. Appropriations for the year ended September 30, 2008 increased by \$13.4 million, or 5%, from the prior year, to \$288.7 million

Category of Funds



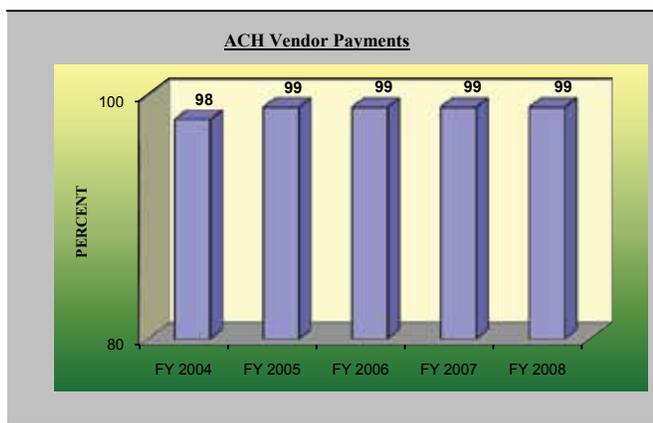
Of the \$576 million of total budgetary resources in FY 2008, 41%, or \$234 million, was for salaries and expenses; 36%, or \$206 million, was for appropriated and reimbursable construction; and 23%, or \$136 million, was for reimbursable training.

The exchange revenue increased by 6%, or \$9 million, from FY 2007, primarily due to the Partner Organizations' reimbursement to the FLETC



Of the \$525 million of total restated budgetary resources in FY 2007, 41%, or \$215 million, was for salaries and expenses; 32%, or \$167 million, was for appropriated and reimbursable construction; and 27%, or \$143 million, was for reimbursable training

Automated Clearing House (ACH) Vendor Payments



ACH vendor payments continue to be maximized in FY 2008. ACH is an expeditious, cost-effective payment method that enhances accuracy and customer service to vendors.

Analysis of Systems, Controls and Legal Compliance

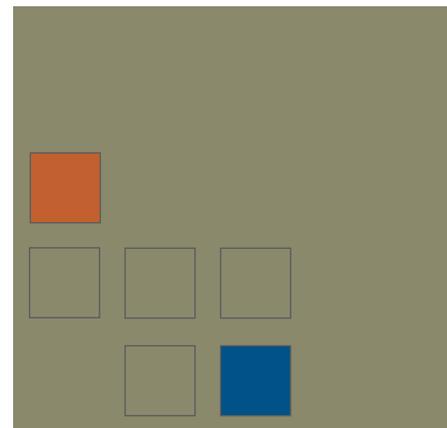
Federal agencies are required to comply with a wide range of laws and regulations, and to maintain systems that generate timely, accurate and useful information with which to make informed decisions. This section provides information on the FLETC's financial management system and compliance with the 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 2008, 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.

The FLETC updated its financial management system in August 2008 and mitigated any material instances of non-compliance with the FFMIA provisions...



In accordance with the FMFIA and OMB Circular A-123, the FLETC has evaluated its management controls and financial management systems for FY 2008. Through our evaluation process and the results of external and internal audit reviews, we are reporting Section 2 material weaknesses on Financial Reporting and Environmental Liability.

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).

Although FFMIA is directed at the Department-level (i.e. DHS), the FLETC assessed its compliance with the guidance. While the FLETC would not have been in compliance for FY 2008, it upgraded its financial management system in August 2008 and mitigated any material instances of non-compliance with the FFMIA provisions noted in prior years and during the first ten months of the Fiscal Year. Subsequent to the upgrade, 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 2008, the FLETC complied substantially with all laws and regulations considered material to internal control over financial reporting.

Anti-Deficiency Act (ADA) 31 U.S.C. Section 1341(a)(1).

In May 2008, the FLETC reported an ADA violation related to a capital lease of a dormitory at Glynco, GA in the amount of \$39.8 million consummated in October 2001. This ADA violation resulted from a misunderstanding of the budget scoring rules contained in OMB Circular A-11, which resulted in the FLETC obligating funds on an annual basis for an operating lease rather than fully obligating funds for the entire present value of the asset cost as required by a capital lease. This scoring violation results in an obligation in excess of appropriations. However, because the appropriation and outlays to liquidate the obligations are built into the base funding and fully cover the FLETC's contractual liability, there is no actual over-disbursement of funds. The DHSOIG is reviewing lease agreements on two other similar dormitory leases to determine whether additional ADA violations occurred. The FLETC's future action will be contingent on the outcome of the DHSOIG review.

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.



Homeland
Security

SEP 24 2008

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, 2008. 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 FLETC's assessment of internal controls over financial reporting included performing tests of operational effectiveness throughout Fiscal Year 2008 and test of design as of September 30, 2008 over the following financial management processes:

Tests of Operational Effectiveness

- **Budgetary Resources Management – Budget Authority, Funds Distribution, Fund Control, and Fund Status**

Tests of Design

- **Financial Systems Security - 27 Key Information Technology General Controls**
- **Property Management – Acquiring Property, Accounting for Property, and Accounting for Inventory**
- **Payment Management – Accounts Payable, Invoicing, Disbursing, Payment Follow-up, Payee Information Maintenance, and Reimbursable Agreements**

www.fletc.gov

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

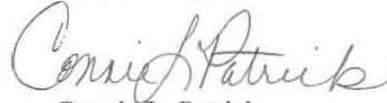
Reporting Pursuant to FMFIA Section 4. 31 U.S.C.3512 (d)(2)(B)

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

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

The FLETC's financial data used in the Annual Financial Report are complete and reliable.

Respectfully,



Connie L. Patrick
Director

Attachment:
Compliance with Laws and Regulations
as of September 30, 2008

Other Management Information, Initiatives and Issues

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

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. A more secure homeland is the ultimate aim of the law enforcement training provided at the FLETC. The training is critical to the ability of agencies to deploy properly trained officers and agents to protect our homeland.

The FLETC has experienced a substantial increase in demand for its law enforcement training programs since Fiscal Year (FY) 2001, resulting in corresponding demands for key FLETC facilities, equipment, budget, and staff. During early FY 2008, with a budget of \$288.7 million, the FLETC began a concerted effort to increase training capacity. We identified Glynco as the only FLETC site where we could potentially increase capacity to meet the expected growth in training requirements to 200,000 student-weeks by FY 2012. We re-engineered business rules, leveled training assignments among the sites, and embarked on an aggressive effort to repurpose some existing venues and to construct additional facilities. In FY 2008, several dormitories at Glynco have been refitted to house two students per room in lieu of one for basic students. This “double bunking” has increased the Glynco on-site student lodging capacity and will reduce lodging costs because fewer students will be housed in higher costs off-site locations. However, we have a financial shortfall for achieving the additional capacity increases necessary to reach the FY 2012 projected requirements.

Recent studies show law enforcement agencies are growing. Also, the profession is in the initial stages of higher numbers of retiring officers and agents whose replacements will require basic, in-service, and advanced training. Absent additional resources, including facilities, infrastructure, technology, budget, and personnel, the projected FY 2012 training workload of 200,000 student-weeks will not be met, thereby severely jeopardizing the required levels of readiness of federal law enforcement officers worldwide.

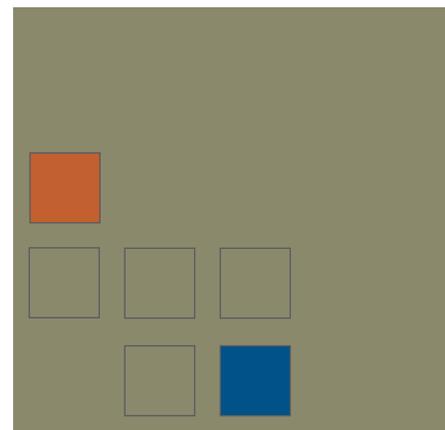
The Facilities Master Plan continues to evolve as projected physical resource requirements necessary to fulfill the mission expand. The FLETC will aggressively seek funding to acquire, implement and maintain the physical resources outlined in the Facilities Master Plan.

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 effectiveness and efficiency, student throughput, and training safety through the use of business process transformation initiatives to reduce our reliance on traditional training facilities and methodologies and to allow the delivery of select curricula through innovative and alternative delivery systems, including on-line and distance learning and simulation. 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

Over its history, the FLETC has developed a sustainable competitive advantage as the premier provider of law enforcement training.



require increased awareness of risks faced in today's dynamic global environment. Those risks include increased competition, legislative risks, technological changes and changing customer demands, to name a few.

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

	FY 2009		FY 2010	
	Students	Student-Weeks	Students	Student-Weeks
Basic	27,191	210,100	25,199	214,203
Advanced	48,070	48,136	54,258	53,961
S&L, International & Export	5,984	4,317	5,904	4,096
Total	81,245	262,553	85,361	272,260

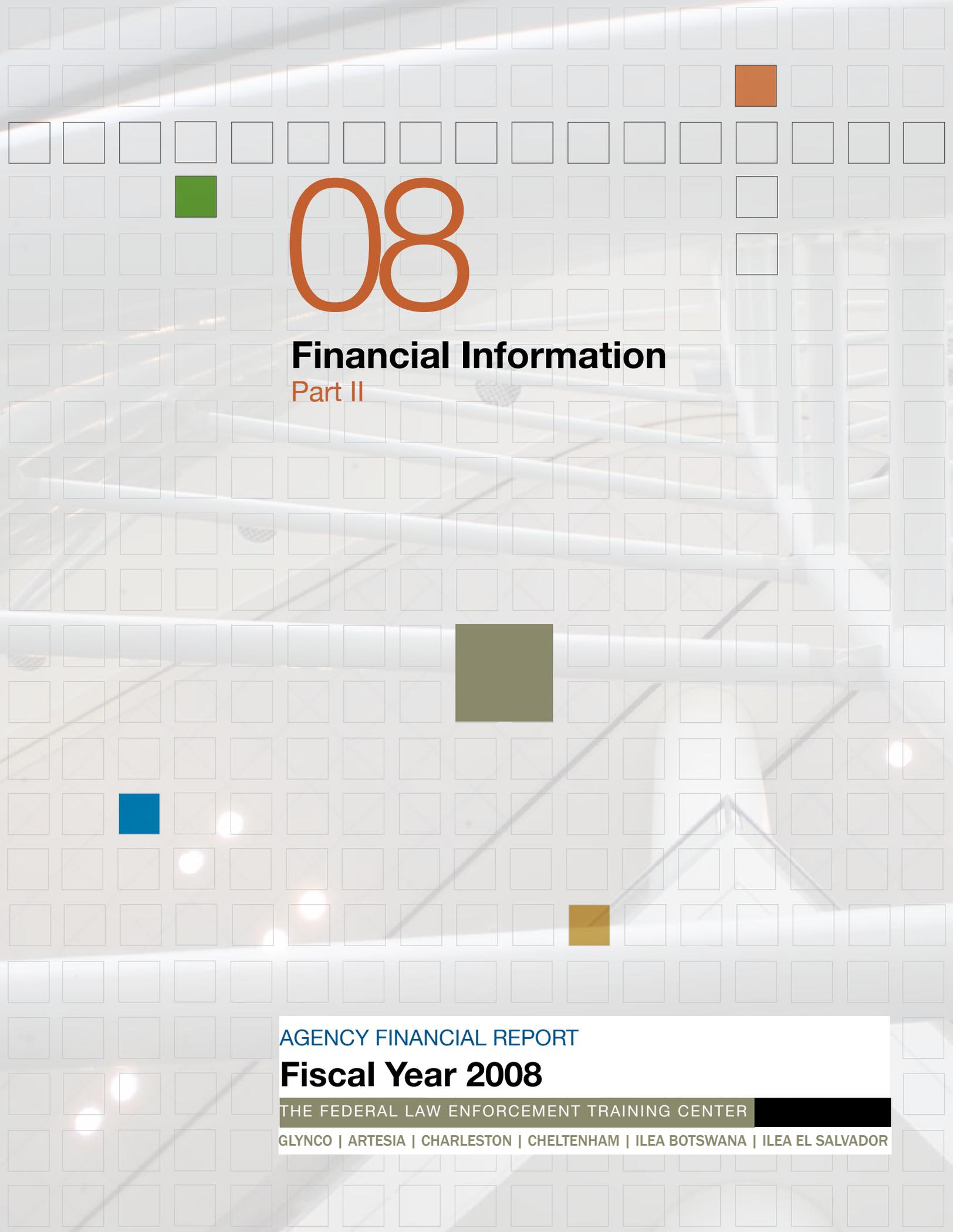
THE PRESIDENT'S MANAGEMENT AGENDA

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 Department of Homeland Security but not at the component level. The PMA results for DHS are available at www.results.gov.

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.



08

Financial Information

Part II

AGENCY FINANCIAL REPORT

Fiscal Year 2008

THE FEDERAL LAW ENFORCEMENT TRAINING CENTER

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



Homeland Security

Message from the Chief Financial Officer



This report represents the FLETC's Agency Financial Report (AFR) for Fiscal Year 2008. The AFR includes the FLETC's audited financial statements and Management's Discussion and Analysis (MD&A) of important matters that would likely affect the judgment and decisions of users of this report.

The FLETC has been assessing its internal controls over various financial systems and financial reporting processes. PricewaterhouseCoopers LLP, an independent firm under contract with DHS-OCFO, assisted management in testing the design and effectiveness of our processes and controls and noted several deficiencies, primarily related to system access control issues, which management intends to improve in FY 2009.

The 2008 and 2007 financial statements presented in this AFR were audited by independent auditing firm, KPMG LLP, under contract with DHS-OIG. In both years, the FLETC received unqualified audit opinions that the financial statements are presented fairly and in conformity with U.S. generally accepted accounting principles. The independent auditors' report summarizes the identification of control deficiencies and material weaknesses related to the environmental liabilities and financial reporting in 2008. The FLETC addressed the prior year's audit weaknesses during FY 2008 with full remediation of the one 2007 material weakness and ongoing efforts to eliminate the 2007 significant deficiencies. Management expects all 2008 and remaining 2007 audit weaknesses which have been identified to be corrected in FY 2009.

As the Chief Financial Officer, I am committed to continually improving the quality and integrity of the FLETC's financial data and reporting systems. In an environment of increasing needs and decreasing resources, efficient and effective use of current resources is imperative. The FLETC remains committed to these ideals and to providing excellent customer service to its stakeholders.

Alan Titus

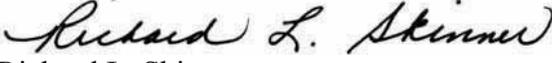
Alan Titus
Chief Financial Officer



**Homeland
Security**

April 16, 2009

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

FROM: 
Richard L. Skinner
Inspector General

SUBJECT: *Independent Auditors' Report on FLETC's FY 2008 Consolidated
Financial Statements*

The attached report presents the results of the Federal Law Enforcement Training Center's (FLETC) consolidated financial statement audit on fiscal years (FY) 2008 and 2007. We contracted with the independent public accounting firm KPMG LLP to perform the audit. KPMG LLP concluded that FLETC's consolidated financial statements as of and for the years ended September 30, 2008, and September 30, 2007, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.

The FY 2008 independent auditors' report also 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 three significant deficiencies in internal controls are presented below; the first two significant deficiencies are considered to be material weaknesses.

Significant Deficiencies

- A. Financial Reporting
- B. Environmental Liabilities
- C. Information Technology General and Application Controls

Further, one instance of noncompliance with laws and regulations were noted in the following area.

Noncompliance with Laws and Regulations

- D. *Anti-deficiency Act*

KPMG LLP is responsible for the attached independent auditors' report dated March 26, 2009, and the conclusions expressed in the report. We do not express opinions on financial statements or internal control or conclusions on compliance with laws and regulations.

Consistent with our responsibility under the *Inspector General Act*, we are providing copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. In addition, we will post a copy of the report on our website.

We extend our appreciation to FLETC's Office of the Chief Financial Officer and staff for the cooperation and courtesies extended to our and KPMG's 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 Auditors' Report on FLETC FY 2008 Consolidated Financial Statement



OIG-09-61

April 2009

*Office of Inspector General*U.S. Department of Homeland Security
Washington, DC 20528**Homeland
Security**

April 16, 2009

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) consolidated financial statement audits for the fiscal year (FY) 2008 and FY 2007. We contracted with the independent public accounting firm KPMG LLP to perform the audits. The contract required that KPMG LLP 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 LLP concluded that FLETC's consolidated financial statements as of and for the years ended September 30, 2008 and 2007, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. The FY 2008 auditor's report discusses three significant deficiencies of which two are considered to be material weaknesses, as well as one instance of noncompliance with laws and regulations. KPMG is responsible for the attached draft 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 in draft with those responsible for implementation. We trust 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.

A handwritten signature in cursive script that reads "Richard L. Skinner".

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
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, 2008 and 2007, and the related consolidated statements of net cost, and changes in net position, and combined statements of budgetary resources (hereinafter referred to as "consolidated financial statements") for the years then ended. The objective of our audit was to express an opinion on the fair presentation of these consolidated financial statements. In connection with our fiscal year 2008 audit, we also considered FLETC's internal controls over financial reporting and tested 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.

Summary

As stated in our opinion on the consolidated financial statements, we concluded that the FLETC's consolidated financial statements as of and for the years ended September 30, 2008 and 2007, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 18, certain balances previously reported in the consolidated financial statements as of and for the year ended September 30, 2007 have been restated to correct errors in accounting for reimbursable revenue, environmental liabilities and unfilled customer orders, which are discussed in Exhibit I. These corrections are also described in Exhibits I-A and I-B.

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

- A. Financial Reporting
- B. Environmental Liabilities
- C. Information Technology General and Application Controls

We consider significant deficiencies A and B, above, to be material weaknesses.

The results of our tests of compliance with certain provisions of laws, regulations, and contracts disclosed one instance of noncompliance with the following law that is required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*:

D. *Anti-deficiency Act*

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



Opinion on the 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, 2008 and 2007, and the related consolidated statements of net cost, and changes in net position, and the combined statements of budgetary resources for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FLETC as of September 30, 2008 and 2007, and its net costs, changes in net position, and budgetary resources for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 18, certain balances previously reported in the consolidated financial statements as of and for the year ended September 30, 2007 have been restated to correct errors in accounting for reimbursable revenue, environmental liabilities and unfilled customer orders. These corrections are also described in Exhibits I-A and I-B.

The information in the Management's Discussion and Analysis and Required Supplementary Information is not a required part of the consolidated financial statements, but is supplementary information required by U.S. generally accepted accounting principles. 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.

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 are presented for purposes of additional analysis and are 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 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 FLETC's consolidated financial statements that is more than inconsequential will not be prevented or detected by FLETC's internal control. 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 FLETC's internal control.

In our fiscal year 2008 audit, we consider the deficiencies, described in Exhibits I and II, to be significant deficiencies in internal control over financial reporting. However, of the significant deficiencies described in Exhibits I and II, we believe that the significant deficiencies presented in Exhibit I are material weaknesses. Exhibit IV presents the status of prior year significant deficiencies.

Compliance and Other Matters

The results of certain of our tests of compliance as described in the Responsibilities section of this report, disclosed one instance of noncompliance or other matter that is required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04, and is described in Exhibit III.



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

Other Matter. FLETC management has identified a matter that has been reported as a violation of the Anti-deficiency Act related to the classification of a building lease. The Office of Inspector General has initiated a review of the classification of two additional building leases at FLETC that may identify violations of the *Anti-deficiency Act*, or other violations of appropriations law that may have occurred during FY 2008 or during previous years.

Responsibilities

Management's Responsibilities. Management is responsible for the consolidated financial statements; establishing and maintaining effective internal control; and complying with laws, regulations, and contracts applicable to FLETC.

Auditors' Responsibilities. Our responsibility is to express an opinion on the fiscal year 2008 and 2007 consolidated financial statements of 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 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 2008 audit, we considered FLETC's internal control over financial reporting by obtaining an understanding of 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 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 FLETC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of FLETC's internal control over financial reporting.

As part of obtaining reasonable assurance about whether FLETC's fiscal year 2008 consolidated financial statements are free of material misstatement, we performed tests of 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. 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 FLETC. However, providing an opinion on compliance with laws, regulations, and contract agreements was not an objective of our audit and, accordingly, we do not express such an opinion.



FLETC's response to the findings identified in our audit is attached to this report. We did not audit FLETC's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of 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

March 26, 2009

I-A Financial Reporting

Background: The U.S. Department of Homeland Security's (DHS) Federal Law Enforcement Training Center (FLETC) primary line of business is to provide law enforcement training at its four US facilities for DHS components and over 80 federal and state and local agencies. Annual appropriations are used to pay for certain types of training, while the cost of other, typically advanced and specialized training is reimbursed by the other agencies. Generally, FLETC enters into annual reimbursable agreements with their customers, and bills all training charges on a monthly basis.

In addition, to ensure that its facilities and training programs are state-of-the-art, and able to meet the changing needs of its customers, FLETC is continuously maintaining, modifying, and constructing new property, plant and equipment. FLETC also provides construction contract management services for certain DHS components and other federal agencies to build specialized training facilities. FLETC pays for the cost of construction with its own and other Federal agency dedicated appropriations.

Conditions: We identified the following control deficiencies which in combination are considered a material weakness in internal controls over financial reporting:

Reimbursable Construction Revenue:

FLETC did not have adequate policies and procedures in place to ensure that reimbursable construction revenue is recorded in the same fiscal year that the associated expenses are incurred. We noted 3 instances where reimbursable construction revenue was recognized in fiscal year (FY) 2008, when the related expenses were incurred and accrued or paid during FY2007. The three errors identified by us totaled approximately \$9 million of unrecorded revenue as of September 30, 2007. After the discovery of these errors FLETC performed a review of reimbursable construction expenses recognized in FY 2007, and identified an additional \$2.1 million of unrecorded reimbursable revenue at September 30, 2007. As a result, FLETC recorded an adjustment and restated its September 30, 2007 financial statements for \$11.1 million, to correct these errors.

Accounts Payable:

FLETC does not have a policy or process to systematically validate its accounts payable accrual estimates to ensure that the process is producing accurate and complete financial statement balances. In addition, management review controls are not operating effectively. We noted several errors in the accounts payable accrual recorded at September 30, 2008. After the discovery of these errors, FLETC management performed additional procedures over the accuracy and completeness of the accounts payable accrual. The procedures, which were performed approximately three months after fiscal year-end, resulted in FLETC increasing its accounts payable accrual at September 30, 2008, by approximately \$4 million.

Capital Assets and Construction in Progress:

FLETC Finance Division and the construction project and/or site managers do not always follow established FLETC policies and procedures to ensure that its capitalized assets, including construction in progress, are accounted for completely and accurately. For example:

- FLETC did not always record the correct date of capitalization in its fixed asset system. This information is used by the system to compute and record depreciation expense. We noted 2 instances (totaling approximately \$5.6 million) out of 10 samples selected for testwork where the costs of the assets were entered in the fixed asset system but the in-service (capitalization) dates were not. Consequently, depreciation expense was not recorded accurately or timely.

Independent Auditors' Report

Exhibit I – Material Weaknesses

- FLETC has not recorded transfers of completed assets from construction in progress (CIP) to in-use assets in its general ledger at the Artesia location in a timely manner.
 - We noted that 5 out of 7 assets tested were not transferred to capitalized assets timely as of March 31, 2008.
 - We also noted 8 instances out of 12 sample items tested where the completed construction projects were not transferred to capitalized assets timely. All 8 of the completed assets should have been reclassified to capitalized assets prior to April 1, 2008.
- FLETC does not properly capitalize all construction related expenses, e.g., construction management labor, until the end of construction, or perform periodic analysis to determine if the expenses should be recorded for interim and year-end reporting if material. The expenses are reclassified to capital assets when construction is complete – which in some cases is more than a year resulting in temporarily misstated capital assets and expenses reported in FLETC's financial statements.

Adjustments to Certain Budgetary Accounts:

FLETC does not have the adequate policies and procedures for recording certain upward and downward adjustments of undelivered orders, and unfilled customer orders related to reimbursable construction contracts. We noted that:

- One adjustment to undelivered orders tested during FY 2008 totaling \$4.2 million was posted in error, and the adjustment was not recorded in full compliance with the United States Standard General Ledger (USSGL). Because of this error, FLETC's total budgetary resources and total status of budgetary resources lines on the Statement of Budgetary Resources were overstated. The existence of invalid upward and downward adjustments is a repeat condition that was reported in our FY 2007 report. FLETC management represents that its Momentum System upgrade, completed in August 2008, will correct this condition.
- For long-term reimbursable construction contracts, FLETC has incorrectly adjusted certain unfilled customer order account balances at the end of FY 2008 and prior years. This resulted in FLETC understating budgetary resources in each year FLETC had open customer orders for construction. As a result of this error FLETC restated its FY 2006 and 2007 financial statements to increase its unfilled customer orders by \$10.6 million and \$36.0 million, and corrected an error totaling \$ 38.1 million recorded to unfilled customer orders in FY 2008.
- For annual funds related to reimbursable training and supplies and services, FLETC did not properly reduce the unfilled customer order to zero at year end as no future billings would be made. This resulted in unfilled customer orders being overstated by \$4.5 million and \$9.8 million in FY 2007 and 2008, respectively.

In addition, FLETC's review conducted to assist the Department with its compliance with the *Federal Manager Financial Integrity Act* of 1982 (FMFIA) and OMB Circular A-123, Management's Responsibility for Internal Control, did not identify all of the material weaknesses that we identified during our audit, as described above and in Comment I-B *Environmental Liabilities*. Generally, management's review, for purposes of reporting under FMFIA and OMB A-123 should result in identification of similar, if not that same, control deficiencies over financial reporting, as identified by the external financial statement auditors.

Cause/Effect: FLETC has separate financial reporting processes for construction expenses and revenue and therefore reimbursable construction expenses may be incurred, and the related construction revenue not recorded timely, resulting in a temporary understatement of accounts

Independent Auditors' Report
Exhibit I – Material Weaknesses

receivable and revenue. FLETC did not have a procedure to review the expenses incurred (and accrued) for potential reimbursable construction revenue that should also be recorded at year end. Additionally, FLETC did not follow the Treasury posting model for recording reimbursable expenses which would have ensured that the related accounts receivable and revenues were recorded at the same that the expenses were accrued.

FLETC is unable to assert to the validity of its accounts payable accrual, because they do not validate that the estimation process is working as intended, e.g., routinely producing reliable and timely accrual estimates. Consequently, FLETC's year-end accounts payable accrued balances and expenses may be misstated by a material amount.

FLETC has established policies and procedures to account for CIP; however they are not always followed. The FLETC's Finance Division is dependent on the timely and accurate reporting of construction activities, and the project/site managers are not always reporting building status timely. In addition, contracting officers are not always providing necessary information to the Finance Division in a timely manner. The conditions noted above could result in periodic misstatements of CIP in the financial statements.

FLETC must record manual JVs to correct invalid upward and downward adjustments caused by the Momentum system's non-compliance with USSGL. Errors in these manual adjustments could result in material misstatements in the financial statements.

FLETC's policies and procedures do not provide sufficient detail on all types of reimbursable contracts.

We noted that the conditions, which lead to auditor identified current and prior year financial statement adjustments and restatements occurred in part due to ineffective monitoring controls within the finance division and/or inadequate communications, e.g., policies and procedures established with other divisions within FLETC, such as Budget and Procurement. These control deficiencies are an indicator of weaknesses in direct entity-level controls.

All of the conditions noted above may adversely affect FLETC's ability to accurately report the results of its financial operations in a timely manner to the Department and the other users of its financial statements.

Criteria: Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Internal Control*, defines management's responsibility for internal control and provides guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on internal control. Under OMB Circular A-123, "[w]ithin the organizational structure, management must clearly: define areas of authority and responsibility; appropriately delegate the authority and responsibility throughout the agency; establish a suitable hierarchy for reporting; support appropriate human capital policies for hiring, training, evaluating, counseling, advancing, compensating, and disciplining personnel; and uphold the need for personnel to possess and maintain the proper knowledge and skills to perform their assigned duties as well as understand the importance of maintaining effective internal control within the organization."

Statement of Federal Financial Accounting Standards (SFFAS) No. 7 – *Accounting for Revenue and other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, paragraphs Nos. 36 and 118 state in relevant parts: "When services are provided to the public or another Government entity (except for specific services produced to order under a contract), revenue should be recognized when the services are performed." And "[m]atching revenue with cost in a ... uniform manner is essential in evaluating agency performance and setting price. Therefore, costs should be matched against the provision of goods and services with revenue

Independent Auditors' Report

Exhibit I – Material Weaknesses

matched against those costs and thus with revenue also matched against the same provision of goods and services.” In addition, FLETC recently issued FIN SOP-59 – *Recording of Revenues for Accrued Reimbursable Expenses* to strengthen controls over the year-end revenue accrual process.

FLETC has SOPs, e.g., FIN SOP-7, *Construction in Progress (CIP) Account*, FIN SOP-5 *Capitalization of Assets*, and Property Management (PMD) SOP #9, *Real Property SOP* that establish policy for the timely and accurate accounting for CIP.

Recommendations: We recommend that FLETC:

Regarding Reimbursable Construction Revenue:

1. Develop and implement policies and procedures to ensure that reimbursable construction revenue is computed and recorded to match the related expenses that are accrued at year end; and
2. Implement controls to ensure that FLETC adheres to guidelines in the recently issued FIN SOP-59, and that the controls are operating effectively throughout the year.

Regarding Accounts Payable:

3. Develop and implement policies and procedures to test and validate the reliability of the method used to estimate accounts payable;
4. After the methodology is proven to be reliable, then adopt a system of routine validation of the estimate to ensure the data (input to the methodology) is accurate and complete; and
5. Improve training for some personnel, i.e., contracting officers and new Finance Division staff on the accrual process.

Regarding Capital Assets and Construction in Progress:

6. Adhere to FIN SOP-5, FIN SOP-7, PMD SOP #9, and other appropriate policies and procedures to ensure timely transfers of completed assets from CIP to in-use assets, and to ensure that CIP assets are properly recognized in the correct accounting period;
7. Consider adopting year-end cut-off procedures to identify assets that may have been recently placed in service, however remain in CIP;
8. Consider the cost/benefit of:
 - a. Establishing a process to allocate and capitalize indirect labor expense contemporaneously as projects are constructed; and
 - b. Procedures to ensure amounts are appropriately capitalized during construction of CIP projects instead of being recorded as operating expenses.

Regarding Certain Budgetary Adjustments:

9. Ensure that the Momentum system upgrade posting logic / models are designed to allow full compliance with the USSGL and prevent the occurrence of invalid upward and downward adjustments.
10. Design and implement policies and procedures to properly account for unfilled customer orders related to all types of reimbursable contracts.

In addition, we recommend that FLETC strengthen entity-level controls, particularly in the areas of communications and monitoring, supervision, training, instruction and oversight of non-accounting personnel that are essential to the accounting process, and fair and timely presentation of financial statement balances.

We also recommend that FLETC improve its review procedures to assist the Department with its compliance with FMFIA and OMB Circular A-123 to ensure that all material weaknesses are identified and reported to the Department.

Independent Auditors' Report
Exhibit I – Material Weaknesses

I-B Environmental Liabilities

Background: FLETC maintains a number of firing ranges in four locations. FLETC also has facilities that contain lead-based paint and asbestos, where environmental liabilities may exist. In 2007 we identified and reported a control deficiency related to FLETC's process of estimating its environmental clean-up costs liability. At the time of our 2008 audit, FLETC had not corrected the control deficiency, and we determined that the FLETC environmental liability balances may be materially misstated. FLETC management then performed a review of the supporting information provided by the FLETC Environmental and Safety Division (EVS) engineers. In October 2008, FLETC EVS and Finance Division determined that the environmental liability was materially misstated, and recorded a correction of error to restate its FY2007 and prior year financial statements. FLETC also issued SOP EVS-011 – *Environmental Liabilities* to improve its controls over the accumulation of data and the reporting of environmental liabilities. This SOP was issued after our fieldwork and we have not reviewed the design or operating effectiveness of the new controls established by this SOP.

Conditions: During our fieldwork conducted in August and September 2008, and prior to management's review conducted in October 2008, we noted the following control weaknesses related to environmental liabilities.

- FLETC did not have adequate processes, policies, and procedures in place whereby the EVS identifies, assesses, estimates, and reports to the Finance Division regarding the existence and estimate of environmental liabilities throughout the year. Related to the lack of policies and procedures:
 - FLETC had not fully implemented its corrective action plan to remedy the conditions identified in previous year audits as of August 2008. Specifically, the new SOP was not complete at the time of our meeting with the persons responsible for identifying and estimating FLETC environmental liabilities.
 - FLETC does not have the necessary policies and procedures in place to exercise “due care”, as defined in Federal Financial Accounting and Auditing Technical Release No.2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*.
- FLETC does not have the necessary financial management, supervisory and monitoring controls, in place to effectively manage (through policies and procedures) the annual process of estimating the environmental liability (in coordination with EVS), and performing the appropriate level of review of EVS' work. For example:
 - Policies and procedures establishing the Finance Division's responsibility for the estimates provided by EVS, and the management monitoring control are not effective.
 - We identified numerous material mathematical and calculation errors in the October report provided by EVS which were not identified by Finance Division reviews. FLETC subsequently changed their September 30, 2008 estimate from \$17.0 million to \$21.0 million.

These control weaknesses resulted in a restatement of FLETC's FY2007 and prior year financial statements to increase the environmental liability estimates from \$13.8 million to \$20.9 million and reduce FY 2007 gross cost by \$2.3 million.

Cause/Effect: Preceding the new issuance of SOP EVS-011, there was a lack of a clear and effective process within the EVS Division for identifying, assessing, estimating and reporting environmental liabilities to the Finance Division. In addition, the Finance Division has not fully assumed responsibility for the accuracy the environmental liabilities presented in the financial

Independent Auditors' Report

Exhibit I – Material Weaknesses

statements, and did not have sufficient oversight or review of EVS' work. The lack of a process or adherence to a process for identifying and accounting for environmental liabilities may lead to material misstatements in the environmental clean-up costs liability estimate.

Criteria: Statement of Federal Financial Accounting Standards (SFFAS) No. 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."

Technical Release No.2 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."

Technical Release No. 2 also states the following regarding due care: "Due care refers to a reasonable effort to identify the presence or likely presence of contamination. Due care is considered to be exercised if an agency has effective policies and procedures in place to routinely attempt to identify contamination and forward that information to the responsible agency official." Procedures that are evidence of the exercise of due care are further described in Technical Release No.2.

Statement of Federal Financial Accounting Standards (SFFAS) No.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."

Recommendations: Our recommendations are current at the time of our audit, and do not consider FLETC's recently issued SOP EVS-011. We recommend that FLETC management:

1. Complete and implement a corrective action plan to address our prior year control deficiency as discussed in the Background section above;
2. Develop and implement adequate processes, policies, and procedures to ensure EVS performs the necessary procedures to satisfy their responsibilities related to the environmental liability estimate and Technical Release No.2. Also, implement procedures to ensure appropriate levels communication and coordination between EVS and the Financial Management Team;
3. Implement policies and procedures to properly exercise Due Care, as defined in Technical Release No.2, throughout the year related to the environmental clean-up cost liability estimation process; and
4. Implement the necessary financial management, supervisory and monitoring controls to effectively manage (through policies and procedures) the annual process of estimating the liability (in coordination with EVS), and performing the appropriate level of review of EVS' work.

(See Exhibit I for Comments A and B)

II-C Information Technology General and Application Controls

Background: FLETC performed a significant information technology (IT) system upgrade in August 2008 which made numerous changes to their IT environment. This upgrade is related to FLETC's Momentum financial reporting system – its core general ledger system. The objective of this upgrade was, in part, to strengthen the overall IT control environment and to correct many of the IT general control weaknesses that had been identified in prior years. The Momentum upgrade from version 3.7 to version 6.1 was completed in August 2008.

Conditions: The same IT control weaknesses identified during our FY 2007 audit existed for a majority of FY 2008 since the upgrade wasn't completed until August 2008. The most significant weaknesses related to access controls, application software development, and change controls. However, we also identified weaknesses in entity-wide security program planning and management, system software and service continuity. We noted that some systems were not configured in the most secure manner, some policies and procedures and corrective actions remained in draft form and had not been implemented, test plan standards and procedures had not been implemented, and some back-up and contingency systems had not been tested.

Cause/Effect: Collectively, the IT control deficiencies that existed during a majority of the FY2008 limit FLETC's ability to ensure that critical financial and operational data is maintained in such a manner to ensure confidentiality, integrity, and availability. The upgraded Momentum version 6.1 may help to remediate many of these IT control weaknesses.

Criteria: The *Federal Information Security Management Act (FISMA)* passed as part of the *E-Government Act of 2002*, mandates, among other things, that Federal entities maintain IT security programs in accordance with National Institute of Standards and Technology (NIST) guidance, and other applicable guidance.

OMB Circular No. A-130, *Management of Federal Information Resources*, describes specific essential criteria for maintaining effective general IT controls.

DHS' *Sensitive Systems Policy, 4300A*, documents policies and procedures adopted by DHS intended to improve the security and operation of all DHS IT systems.

Recommendations: The Momentum upgrade occurred too late in the audit cycle for us to fully evaluate the design and operating effectiveness of the updated IT general controls and certain IT application controls. Therefore, we have no recommendations at this time.

Independent Auditors' Report
Exhibit III – Noncompliance with Laws and Regulations

(See Exhibit I for Comments A and B, and Exhibit II for Comment C)

III-D The Anti-deficiency Act (ADA)

FLETC management notified us of an *Anti-deficiency Act* (ADA) violation that occurred at FLETC, where a capital lease dating back to FY2001 was not fully funded. The DHS Secretary has reported the violation to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and the Comptroller General, as required by 31 U.S.C. Section 1351. The FLETC ADA violation described above relates to one building lease. DHS reviewed two similar building leases, but determined that the funding of those leases did not violate the ADA because they were operating leases, rather than capital leases. Management has released Procurement (PRO) SOP No. 08-0005, *Lease Acquisition Process*, dated August 7, 2008 to implement corrective policy to prevent ADA violations related to building leases from occurring in the future. Accordingly, FLETC management considers the issue closed, and no further review is planned by management.

The DHS OIG has initiated an investigation into the classification of the two building leases determined by DHS to be operating leases, to evaluate the propriety of FLETC's conclusions regarding compliance with the ADA. The OIG's review may identify additional ADA violations.

Recommendations: We have not audited the design or operating effectiveness of PRO SOP 08-0005. FLETC should monitor the OIG review to determine if further changes to policy and procedures or improvements in internal controls are necessary to prevent any future ADA violations.

Independent Auditors' Report
Exhibit IV – Status of Prior Year Findings

Prior Year Condition	As Reported at September 30, 2007	Status as of September 30, 2008
Management Review of Upward and Downward Adjustments	Material weakness: Several weaknesses existed related to upward and downward adjustments. Transactions affecting upward and downward adjustment accounts were not valid upward and downward adjustments. Also, Momentum financial desktop was configured incorrectly per the U.S. Government Standard General Ledger (USSGL). This forced the FLETC finance division to prepare manual journal vouchers to reclassify amounts during close out procedures at year-end. Errors in the above conditions led to FLETC recording a correcting upward/downward adjustment at year-end totaling more than \$15 million.	Repeated as Material Weakness (Comment I-A)
Environmental Clean Up Costs	Significant deficiency: Several weaknesses existed related to environmental clean up costs, including an inconsistent application of the methodology used to estimate environmental liabilities resulting in a net overstatement of total liabilities, and a finding of costs that were capitalized related to asbestos abatement that should have been expensed in the period incurred.	Repeated as Material Weakness (Comment I-B)
Accounts Payable	Significant deficiency: FLETC had not developed or implemented adequate policies or a process for estimating/accruing Accounts Payable liabilities at fiscal year end.	Repeated as Material Weaknesses (Comment I-A)
Financial Systems Security	Significant deficiency: Several weaknesses existed related to Financial Systems Security, such as IT general control weaknesses, entity-wide security program planning weaknesses, system software weaknesses, and service continuity weaknesses.	Repeated (Comment II-C)
Non-compliance with the Federal Financial Management Improvement Act	Instance of non-compliance: FLETC was not in substantial compliance with FFMIA. 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.	Reported at DHS Consolidated Level

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



Homeland
Security

March 23, 2009

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, 2008, and the related Independent Auditors' Report. In response to the findings, our concurrence or non-concurrence is as follows:

Exhibit I – Material Weaknesses

- A. Financial Reporting - we concur with the finding.
- B. Environmental Liabilities – we concur with the finding.

Exhibit II – Significant Deficiencies

- C. Information Technology General and Application Controls – we concur with the finding.

Exhibit III – Noncompliance with Laws and Regulations

- D. The Anti-deficiency Act (ADA) – 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

www.fletc.gov

Report Distribution

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245 Murray Drive, SW, Building 410,
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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, 2008 and 2007
(In Thousands)

	<u>2008</u>	<u>2007</u> (Restated) (See Note 18)
ASSETS (Note 2)		
Intragovernmental assets		
Fund Balance with Treasury (Note 3)	\$ 173,213	\$ 167,634
Accounts Receivable (Notes 4 and 18)	26,934	35,870
Other (Note 6)	369	343
Total Intragovernmental Assets	200,516	203,847
Accounts Receivable, Net (Note 4)	1,188	872
Property, Plant and Equipment, Net (Note 5)	541,072	501,462
TOTAL ASSETS	\$ 742,776	\$ 706,181
LIABILITIES AND NET POSITION		
LIABILITIES (Note 7)		
Intragovernmental Liabilities		
Accounts Payable	\$ 2,360	\$ 2,643
Other (Note 10)	3,839	3,497
Total Intragovernmental Liabilities	6,199	6,140
Accounts Payable	24,726	38,333
Federal Employee and Veterans Benefits (Note 8)	17,459	15,668
Accrued Payroll and Benefits (Note 8)	15,403	12,939
Environmental Clean-Up Liability (Notes 9 and 18)	21,006	20,914
Capital Lease Liability (Note 11)	56,499	58,895
Other (Note 10)	1,800	760
TOTAL LIABILITIES	143,092	153,649
Commitments and Contingencies (Notes 11 and 12)		
NET POSITION		
Unexpended Appropriations	163,303	150,935
Cumulative Results of Operations (Note 18)	436,381	401,597
TOTAL NET POSITION	599,684	552,532
TOTAL LIABILITIES AND NET POSITION	\$ 742,776	\$ 706,181

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

Department of Homeland Security
Federal Law Enforcement Training Center
Consolidated Statements of Net Cost
For the Years Ended September 30, 2008 and 2007
(In Thousands)

	<u>2008</u>	<u>2007</u> (Restated) (See Note 18)
PROGRAM COSTS:		
Federal Law Enforcement Training		
Gross Costs (Notes 13 and 18)	\$ 373,523	\$ 337,412
Less: Earned Revenue (Notes 13 and 18)	<u>79,272</u>	<u>83,671</u>
Net Program Costs	<u>\$ 294,251</u>	<u>\$ 253,741</u>
 Reimbursable Construction		
Gross Costs (Notes 13 and 18)	87,937	72,980
Less: Earned Revenue (Notes 13 and 18)	<u>87,283</u>	<u>73,852</u>
Net Program Costs	<u>654</u>	<u>(872)</u>
Net Cost of Operations	<u>\$ 294,905</u>	<u>\$ 252,869</u>

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

Department of Homeland Security
Federal Law Enforcement Training Center
Consolidated Statements of Changes in Net Position
For the Years Ended September 30, 2008 and 2007
(In Thousands)

	<u>2008</u>	<u>2007</u> (Restated) (See Note 18)
Cumulative Results of Operations:		
Beginning Balances	\$ 401,597	\$ 314,772
Adjustments:		
Correction of Errors (Note 18)	-	(9,447)
Beginning Balances, as Adjusted	<u>401,597</u>	<u>305,325</u>
Budgetary Financing Sources		
Appropriations Used	281,017	319,462
Donations	1	1
Other Financing Sources		
Donations & Forfeitures of Property	-	46
Transfer In/Out Without Reimbursement	26,138	9,179
Imputed Financing	22,369	20,453
Other	164	-
Total Financing Sources	329,689	349,141
Net Cost of Operations	<u>(294,905)</u>	<u>(252,869)</u>
Net Change	<u>34,784</u>	<u>96,272</u>
CUMULATIVE RESULTS OF OPERATIONS	<u>\$ 436,381</u>	<u>\$ 401,597</u>
Unexpended Appropriations:		
Beginning Balances	\$ 150,935	\$ 197,114
Budgetary Financing Sources		
Appropriations Received	288,666	275,279
Appropriations Transferred In/Out	8,636	(420)
Other Adjustments	(3,917)	(1,576)
Appropriations Used	<u>(281,017)</u>	<u>(319,462)</u>
Total Budgetary Financing Sources	<u>12,368</u>	<u>(46,179)</u>
UNEXPENDED APPROPRIATIONS	<u>163,303</u>	<u>150,935</u>
NET POSITION	<u>\$ 599,684</u>	<u>\$ 552,532</u>

Department of Homeland Security
Federal Law Enforcement Training Center
Combined Statements of Budgetary Resources
For the Years Ended September 30, 2008 and 2007
(In Thousands)

	<u>2008</u>	<u>2007</u> (Restated) (See Note 18)
BUDGETARY RESOURCES:		
Unobligated Balance, Brought Forward October 1 (Note 18)	\$ 116,297	\$ 100,477
Recoveries of Prior Year Obligations	19,586	14,674
Budget Authority:		
Appropriations	288,666	275,279
Spending Authority from Offsetting Collections		
Earned		
Collected	179,668	135,714
Change in Receivables from Federal Sources (Note 18)	(8,466)	20,741
Change in Unfilled Customer Orders		
Advance Received	(68)	(138)
Without Advance from Federal Sources (Note 18)	(24,593)	(18,603)
Subtotal	<u>435,207</u>	<u>412,993</u>
Nonexpenditure Transfers, Net, Anticipated and Actual	8,636	(420)
Permanently Not Available	(3,875)	(2,682)
TOTAL BUDGETARY RESOURCES	<u>\$ 575,851</u>	<u>\$ 525,042</u>
STATUS OF BUDGETARY RESOURCES:		
Obligations Incurred (Note 14)		
Direct	\$ 285,278	\$ 288,959
Reimbursable	150,195	119,786
Subtotal	<u>435,473</u>	<u>408,745</u>
Unobligated Balance		
Apportioned (Note 3)	116,949	99,451
Unobligated Balance Not Available (Note 3)	23,429	16,846
TOTAL STATUS OF BUDGETARY RESOURCES	<u>\$ 575,851</u>	<u>\$ 525,042</u>
CHANGE IN OBLIGATED BALANCE		
Obligated Balance, Net Beginning of Period		
Unpaid Obligations, Brought Forward October 1	\$ 216,340	\$ 264,909
Uncollected Customer Payments from Federal Sources, October 1	(165,686)	(163,548)
Total Unpaid Obligated Balance, Net Beginning of Period	<u>50,654</u>	<u>101,361</u>
Obligations Incurred, Net	435,473	408,745
Gross Outlays	(467,703)	(442,640)
Recoveries of Prior Year Unpaid Obligations	(19,586)	(14,674)
Change in Uncollected Customer Payments from Federal Sources	33,059	(2,138)
Obligated Balance, Net End of Period		
Unpaid Obligations	164,524	216,340
Uncollected Customer Payments from Federal Sources	(132,627)	(165,686)
Total Unpaid Obligated Balance, Net End of Period	<u>31,897</u>	<u>50,654</u>
NET OUTLAYS		
Gross Outlays	467,703	442,640
Offsetting Collections	(179,600)	(135,576)
Distributed Offsetting Receipts	(26)	(189)
Net Outlays	<u>\$ 288,077</u>	<u>\$ 306,875</u>

Notes to the Consolidated Financial Statements

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 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 statements presented include the Consolidated Balance Sheets as of September 30, 2008 and September 30, 2007, respectively, and a Consolidated Statement of Net Cost, a Consolidated Statement of Changes in Net Position and a Combined Statement of Budgetary Resources for the years ended September 30, 2008 and 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.

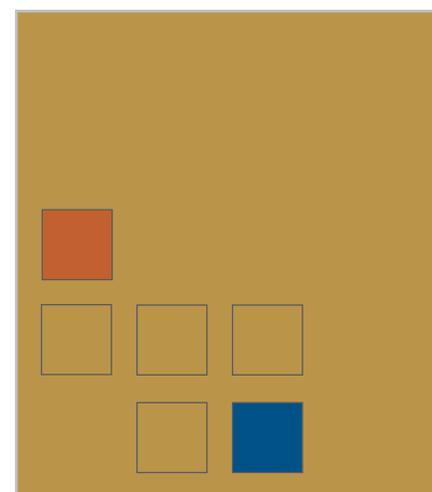
Under GAAP, as a general rule, revenues and related assets are recognized when earned, and expenses and related liabilities are recognized when incurred. The Consolidated Balance Sheets, the Consolidated Statements of Net Cost and the Consolidated Statements of Changes in Net Position are reported using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

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.

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 by the Homeland Security Act of 2002 (P.L. 107-296).



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 represents 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 accounts. 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

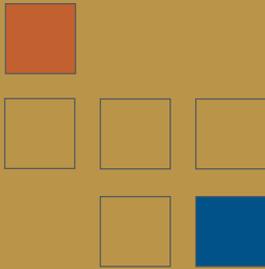
Other intragovernmental assets consist of advances to the Department of the Interior (DOI) GOVWORKS program and the DHS Working Capital Fund (WCF). Prior fiscal years also included governmental advances to the legacy Department of the Treasury WCF, which lapses in FY 2008. These governmental advanced funds are to cover expenses of operating and maintaining common administrative services provided to the FLETC, such as the e-travel program, FedTraveler. The FLETC expects any unused advances to GOVWORKS and WCFs to be refunded when a determination is made that the funds will not be used.

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. Land acquisitions and major alterations and renovations that provide additional building square footage are also capitalized regardless of acquisition cost amounts. Minor equipment costs and repairs, however, 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



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.

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 Changes in 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). However, the FLETC is required to report the full annual cost of providing these benefits for its retired employees, as well as reporting contributions made for active employees. The difference between the full annual cost and the amount paid by the FLETC, is recorded as an imputed cost and an offsetting imputed financing source in the accompanying financial statements.

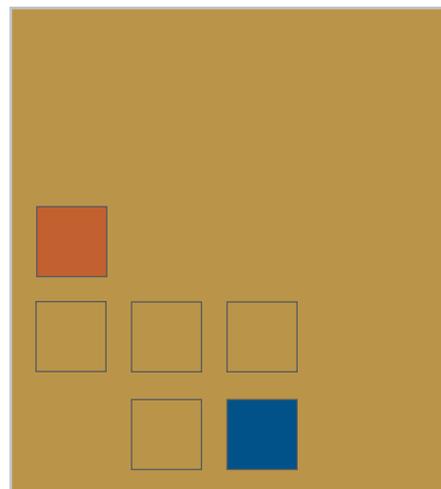
J. FEDERAL EMPLOYEE BENEFITS PAYABLE – FECA ACTUARIAL LIABILITY

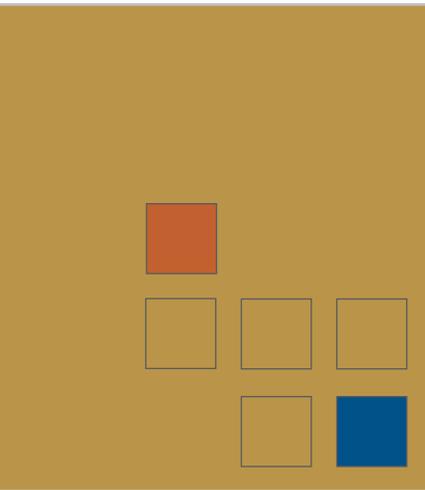
The Federal Employees Compensation Act (FECA) program is administered by the U.S. Department of Labor (DOL) and provides income and medical cost protection to covered Federal civilian employees who have been injured on the job or have incurred a work-related occupational disease. Beneficiaries of employees 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 projected 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 paid from the Judgment

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...





The FLETC receives the majority of its funding through annual, multi-year, no-year, and trust fund appropriations...

Fund for the FLETC are recognized as an expense and imputed financing source.

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 2008 and FY 2007, the balance sheet impact is approximately \$500, and the statement of changes in net position impact is approximately \$500 and \$46,000, for the years ended September 30, 2008 and 2007, 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 also enters into reimbursable agreements with DHS and other entities for services or goods provided, principally for training and construction. Revenue from reimbursable agreements is recognized when the services or goods are provided.

Basic Training

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

Advanced Training

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

Other

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

In certain instances, operating costs of the FLETC are paid out of funds appropriated to other Federal agencies. For example, by law, OPM pays certain costs of retirement programs, and certain legal judgments against the FLETC are paid from a Judgment Fund maintained by the Department of the Treasury. When costs that are identifiable and directly attributable to the FLETC operations are paid by others, the FLETC recognizes these amounts as operating expenses and as imputed financing sources in its Statement of Changes in Net Position. In addition to the benefits described above and in Note 1.I, 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

Management has made certain estimates and assumptions in the reporting of the financial statement balances and associated disclosures. Actual results could differ from these estimates. Significant estimates include the year-end accruals of accounts payable, environmental liabilities, accrued and actuarial workers' compensation liabilities (FECA), contingent legal liabilities and allowances for doubtful accounts receivable.

R. RECLASSIFICATION

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

S. RESTATEMENTS

In fiscal year 2008, the FLETC restated certain fiscal year 2007 balances to correct untimely recognition of revenues earned and to change the estimate for environmental clean-up liability. For additional information, see Note 18.

NOTE 2: NON-ENTITY ASSETS

There are no non-entity assets as of September 30, 2008 and 2007. All assets are entity assets of the FLETC.

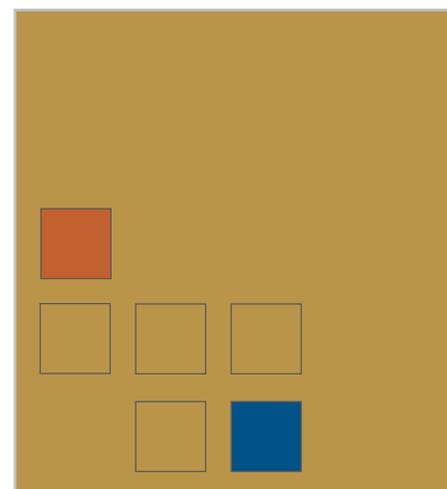
NOTE 3: FUND BALANCE WITH TREASURY

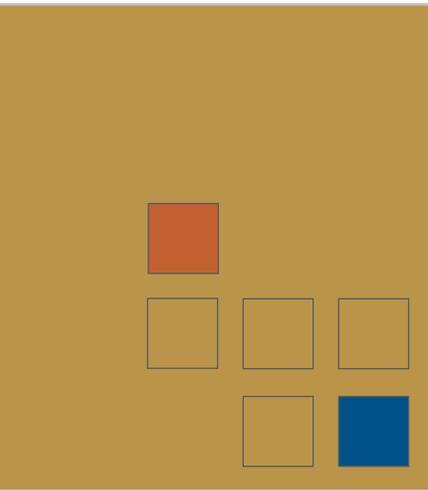
A. Fund Balance with Treasury, by fund type, consisted of the following as of September 30, 2008 and 2007 (in thousands):

	<u>2008</u>	<u>2007</u>
General Appropriated Funds	\$ 172,275	\$ 166,951
Other Funds	<u>938</u>	<u>683</u>
Total	<u>\$ 173,213</u>	<u>\$ 167,634</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

Significant estimates include the year-end accruals of accounts payable, environmental liabilities,





Intragovernmental accounts receivable from other Federal agencies as of September 30, 2008 and 2007, total \$26.9 million and \$35.9 million, respectively

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, 2008 and 2007 (in thousands):

	<u>2008</u>	<u>2007</u> <u>(Restated)</u>
Unobligated Balance		
Available (Note 18)	\$ 116,949	\$ 99,451
Unavailable	23,429	16,846
Obligated Balance not yet Disbursed (Note 18)	31,897	50,654
Restricted Unobligated Balance - Deposit Funds	<u>938</u>	<u>683</u>
Total	\$ 173,213	\$ 167,634

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 \$3.5 million and \$2.7 million at September 30, 2008 and 2007, respectively.

NOTE 4: ACCOUNTS RECEIVABLE, NET

A. Intragovernmental Accounts Receivable (Restated)

Intragovernmental accounts receivable from other Federal agencies as of September 30, 2008 and 2007, total \$26.9 million and \$35.9 million, respectively (see Note 18). 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 \$1.2 million and \$0.9 million, net of an allowance for doubtful accounts totaling \$25 thousand and \$26 thousand, as of September 30, 2008 and 2007, respectively.

NOTE 5: PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment consists of the following as of September 30, 2008 and 2007 (in thousands):

Category	Service Life (Years)	Acquisition Cost		Accumulated Depreciation/Amortization		Net Book Value	
		2008	2007	2008	2007	2008	2007
Land and Land Rights	N/A	\$ 5,450	\$ 5,336	\$ -	\$ -	\$ 5,450	\$ 5,336
Construction in Progress	N/A	11,333	32,193	-	-	11,333	32,193
Buildings, Structures and Facilities	20-30	598,593	519,036	147,083	124,803	451,510	394,233
Equipment:							
ADP	5	1,233	616	564	151	669	465
Vehicles	5-8	6,996	6,886	4,355	4,124	2,641	2,762
Other Equipment	5	8,153	6,546	4,061	3,811	4,092	2,735
Assets Under Capital Leases	20	68,164	68,164	18,754	15,346	49,410	52,818
Internally Developed Software	N/A	15,967	10,920	-	-	15,967	10,920
Total Property, Plant and Equipment		\$ 715,889	\$ 649,697	\$ 174,817	\$ 148,235	\$ 541,072	\$ 501,462

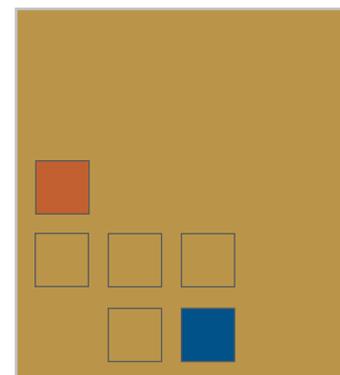
NOTE 6: OTHER ASSETS

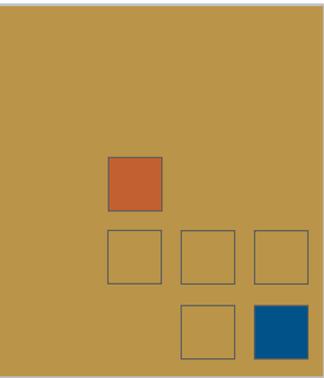
Other intragovernmental assets are comprised of \$0.4 million and \$0.3 million as of September 30, 2008 and 2007, respectively, for advances paid to the DHS Working Capital Fund, the DOI GOVWORKS and the legacy Department of the Treasury WCF. The remaining balances with the Department of Treasury WCF are expected to be refunded.

NOTE 7: LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources consist of the following at September 30, 2008 and 2007 (in thousands):

	2008	2007 (Restated)
<u>Intragovernmental</u>		
Accrued FECA Liability (Note 10)	\$ 3,839	\$ 3,497
Total Intragovernmental Not Covered by Budgetary Resources	<u>3,839</u>	<u>3,497</u>
<u>Public</u>		
Federal Employee and Veterans Benefits:		
Actuarial FECA Liability (Note 8)	17,459	15,668
Accrued Annual Leave (Note 8)	8,193	7,652
Environmental Cleanup Liability (Note 9)	21,006	20,914
Capital Lease Liability (Note 11)	56,499	58,895
Other	1,672	-
Total Public Not Covered by Budgetary Resources	<u>104,829</u>	<u>103,129</u>
Total Liabilities Not Covered by Budgetary Resources	108,668	106,626
Total Liabilities Covered by Budgetary Resources	<u>34,424</u>	<u>47,023</u>
Total Liabilities	<u>\$ 143,092</u>	<u>\$ 153,649</u>





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

Anti-Deficiency Act (ADA) 31 U.S.C. Section 1341(a)(1).

In May 2008, the FLETC reported an ADA violation related to a capital lease of a dormitory at Glynco, GA in the amount of \$39.8 million consummated in October 2001. This ADA violation resulted from a misunderstanding of the budget scoring rules contained in OMB Circular A-11, which resulted in the FLETC obligating funds on an annual basis for an operating lease rather than fully obligating funds for the entire present value of the asset cost as required by a capital lease. This scoring violation results in an obligation in excess of appropriations. However, the funding and outlays to liquidate the obligations are built into the FLETC’s base annual appropriations and fully cover the FLETC’s contractual liability; therefore there is no actual over-disbursement of cash funds.

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, 2008 and 2007 are comprised as follows (in thousands):

	<u>2008</u>	<u>2007</u>
Actuarial FECA Liability	\$ 17,459	\$ 15,668
Total Federal Employee and Veterans Benefits	<u>\$ 17,459</u>	<u>\$ 15,668</u>
Accrued Payroll and Benefits	\$ 7,210	\$ 5,287
Accrued Annual Leave	<u>8,193</u>	<u>7,652</u>
Total Accrued Payroll and Benefits	<u>\$ 15,403</u>	<u>\$ 12,939</u>

NOTE 9: ENVIRONMENTAL CLEAN-UP LIABILITY (Restated)

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 \$21.0 and \$20.9 million for environmental cleanup cost liability as of September 30, 2008 and 2007, respectively (see Note 18). 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, 2008 and 2007 (in thousands):

	2008			2007		
	Current	Non-Current	Total	Current	Non-Current	Total
Intragovernmental:						
Accrued FECA Liability	\$ 1,836	\$ 2,003	\$ 3,839	\$ 1,270	\$ 2,227	\$ 3,497
Total Other Intragovernmental	<u>\$ 1,836</u>	<u>\$ 2,003</u>	<u>\$ 3,839</u>	<u>\$ 1,270</u>	<u>\$ 2,227</u>	<u>\$ 3,497</u>
Public:						
Contingent Legal Liabilities	\$ -	\$ 852	\$ 852	\$ -	\$ -	\$ -
Liability for Advances and Prepayments	9	-	9	77	-	77
Other Accrued Liabilities	-	939	939	-	683	683
Total Other Nongovernmental Liabilities	<u>\$ 9</u>	<u>\$ 1,791</u>	<u>\$ 1,800</u>	<u>\$ 77</u>	<u>\$ 683</u>	<u>\$ 760</u>

NOTE 11: LEASES

A. FLETC as a Lessee

Capital Leases:

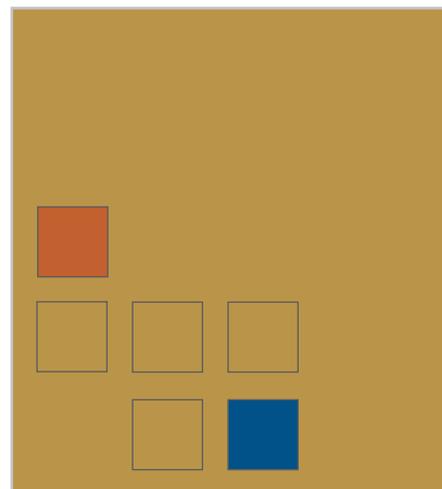
In FY 2001 and FY 2002, the FLETC entered into 20-year leases for the construction and operation of three private, hotel-type facilities to meet an urgent need for additional law enforcement student housing. The FLETC records the net present value of the net lease payments for the three facilities as 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 \$56.5 million and \$58.9 million as of September 30, 2008 and 2007, respectively.

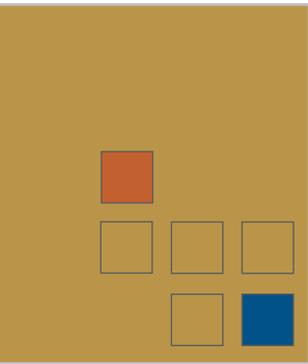
Estimated future minimum lease payments under capital leases were as follows as of September 30, 2008 (in thousands):

Fiscal Year	
2009	\$ 6,103
2010	6,103
2011	6,103
2012	6,103
2013	6,103
Beyond 2013	<u>57,698</u>
Total Future Lease Payments	88,213
Less: Imputed Interest	(27,941)
Less: Executory Costs	<u>(3,773)</u>
Net Capital Lease Liability	<u>\$ 56,499</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>	<u>GSA-Leased Building</u>	<u>GSA-Leased Equipment</u>	<u>Non-GSA Leased Equipment</u>	<u>Totals</u>
2009	\$ 230	\$ 1,163	\$ 255	\$ 1,648
2010	230	1,163	-	1,393
2011	230	1,163	-	1,393
2012	230	988	-	1,218
2013	230	988	-	1,218
Beyond 2013	<u>460</u>	<u>1,976</u>	<u>-</u>	<u>2,436</u>
Total Future Minimum Lease Payments	<u>\$ 1,610</u>	<u>\$ 7,441</u>	<u>\$ 255</u>	<u>\$ 9,306</u>

NOTE 12: COMMITMENTS AND CONTINGENCIES

The FLETC is involved in various administrative and legal proceedings incidental to its operations. The estimated contingent liability recorded at September 30, 2008 and 2007 is \$852 and \$0 thousand, respectively (see Note 10). Other claims for which loss probability is reasonably possible is estimated to range from \$5 to \$380 thousand at September 30, 2008. At September 30, 2007, the range of pending claims for which loss probability is reasonable possible is estimated to range from \$5 thousand to \$1.2 million. Management vigorously contests all claims and lawsuits.

In addition to its lease commitments (see Note 11), the FLETC has funded contractual agreements and other obligations for goods and services that have been ordered but not yet received at fiscal year end (see Note 16).

NOTE 13: INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE (Restated)

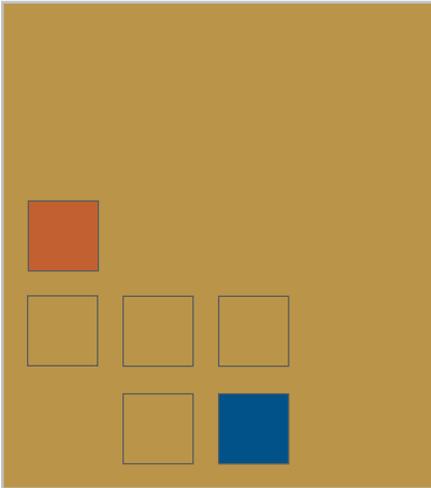
The FLETC provides law enforcement training services to other Federal agencies and state and local governments. Also, the FLETC provides program management services to DHS and other Federal agencies for certain construction projects. Goods and services needed by the FLETC to deliver services are procured 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, 2008 and 2007 (see Note 18) are as follows (in thousands):

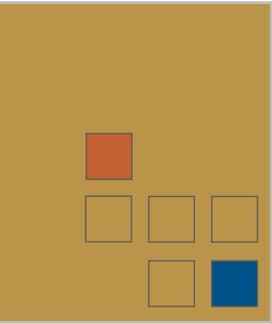
	<u>2008</u>	<u>2007</u> <u>(Restated)</u>
Federal Law Enforcement Training Programs		
Gross Costs - Intragovernmental	\$ 40,788	\$ 41,114
Gross Costs - With the Public	<u>332,735</u>	<u>296,298</u>
Total Program Costs	<u>373,523</u>	<u>337,412</u>
Earned Revenue - Intragovernmental	\$ 77,212	\$ 80,657
Earned Revenue - With the Public	<u>2,060</u>	<u>3,014</u>
Total Earned Revenue	<u>79,272</u>	<u>83,671</u>
Reimbursable Construction Programs		
Gross Costs - Intragovernmental	\$ 1,693	\$ (1,260)
Gross Costs - With the Public	<u>86,244</u>	<u>74,240</u>
Total Program Costs	<u>87,937</u>	<u>72,980</u>
Earned Revenue - Intragovernmental	\$ 87,283	\$ 73,852
Earned Revenue - With the Public	<u>-</u>	<u>-</u>
Total Earned Revenue	<u>87,283</u>	<u>73,852</u>
Net Costs of Operations	<u>\$ 294,905</u>	<u>\$ 252,869</u>

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 represents resources apportioned for each calendar quarter in the fiscal year. Category B represents resources apportioned on a basis other than calendar quarters, such as time periods other than quarter, activities, projects, objects or a combination thereof. Obligations incurred, which are all Category B, for the years ended September 30, 2008 and 2007 are (in thousands):

<u>Category B</u>	<u>2008</u>	<u>2007</u> <u>(Restated)</u>
Direct	\$ 285,278	\$ 288,959
Reimbursable (Note 18)	<u>150,195</u>	<u>119,786</u>
Total	<u>\$ 435,473</u>	<u>\$ 408,745</u>





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

The reconciliation below explains the differences between the 2007 Statement of Budgetary Resources (SBR) and the actual amounts reported in the Budget of the United States Government. Amounts are in millions. Since the FY 2008 financial statements are published before the Budget, the FLETC is reporting for FY 2007 only. The FY 2008 results are expected to be published in the 2010 Budget in February 2009. The Budget of the U.S. Government can be found at the website, www.whitehouse.gov.

	<u>Budgetary Resources</u>	<u>Obligations Incurred</u>	<u>Net Outlays</u>
FY 2007 Combined Statement of Budgetary Resources - Restated (See Note 18)	\$ 525	\$ 409	\$ 307
Differences			
Unobligated balances & recoveries - Expired Funds	(16)	-	-
Unfilled customer orders restated balance not included in the Budget of the U.S. Government	(31)	4	
Rounding difference due to truncation	-	(1)	-
FY 2007 Budget of the U.S. Government	<u>\$ 478</u>	<u>\$ 412</u>	<u>\$ 307</u>

NOTE 16: UNDELIVERED ORDERS AT THE END OF THE PERIOD

Restated undelivered orders for appropriated and reimbursable funding as of September 30, 2008 and 2007 were approximately \$135.4 and \$170.1 million, respectively.

NOTE 17: INCIDENTAL CUSTODIAL COLLECTIONS

The FLETC collects immaterial custodial revenues that are incidental to its primary mission. The collections primarily represent students' payment for missing, lost or damage of government-owned articles while on training at FLETC, and rent for a communication tower acquired when FLETC purchased a parcel of land at Glynco, GA in FY 2004. When collected, these funds are deposited directly to the Treasury General Fund as miscellaneous receipts. The activity during the years ended September 30, 2008 and 2007 is (in thousands):

	<u>2008</u>	<u>2007</u>
Revenue Activity:		
Sources of Cash Collections		
Miscellaneous	\$ 26	\$ 189
Total Cash Collections	<u>26</u>	<u>189</u>
Total Custodial Revenue	<u>26</u>	<u>189</u>
Disposition of Collections:		
Transferred to Treasury General Fund Accounts	<u>26</u>	<u>189</u>
Total Disposition of Collections	<u>26</u>	<u>189</u>
Net Custodial Activity	<u>\$ -</u>	<u>\$ -</u>

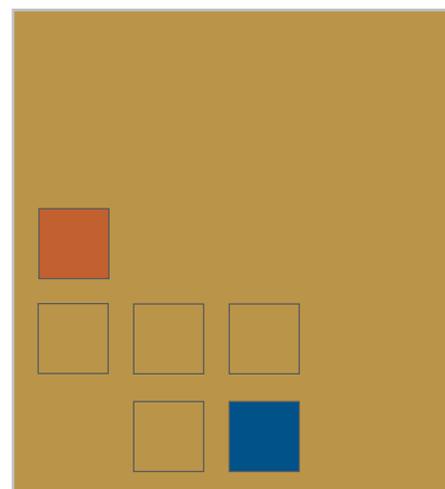
NOTE 18: RESTATEMENTS

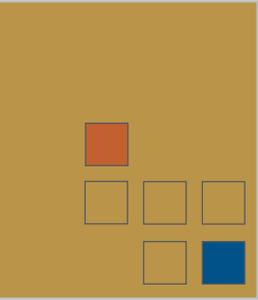
The FY 2007 financial statements presented herein have been restated to correct errors in accounting due to the following:

- (A) To record additional receivables/revenues of \$11,090 thousand to match reimbursable construction and supply expenses accrued at September 30, 2007.
- (B) To increase the environmental liability estimate by \$7,155 thousand at October 1, 2006 to revise the cost of clean-up based on actual remediation costs incurred in previous years, and to revise the number of sites to be remediated.
- (C) To reduce the beginning cumulative results of operations at October 1, 2006 and to reduce recorded FY 2007 costs by \$2,292 thousand for lead paint clean up estimates that should have been recorded in FY 2006.
- (D) To adjust unfilled customer orders by \$35,982 thousand for agreements which carry forward under no-year funding guidance, as required by OMB Circular No. A-11, Preparation, Submission, and Execution of the Budget.
- (E) To adjust unfilled customer orders by \$4,473 thousand for agreements where no future billings would be made as required by OMB Circular No. A-11.
- (F) Rounding correction of \$1 thousand.

A detailed description of the adjustments summarized above follows:

- (A) The adjustment to record the additional reimbursable revenues of \$11,090 thousand increased intragovernmental accounts receivable on the Balance Sheet as of September 30, 2007, and increased revenue recognized and presented in the Statement of Net Cost for the year ended September 30, 2007 by the same amount. The Statement of Changes in Net Position and Statement of Budgetary Resources receivables from Federal agencies and unfilled customer orders were also appropriately adjusted with this correction. The restatement attributed to the unrecorded revenues increased the overall net position at September 30, 2007.
- (B) The adjustment to the environmental liability estimates increased liabilities presented





on the Balance Sheet as of September 30, 2007 and also decreased beginning FY 2007 cumulative results of operations in the Statement of Net Position. The restatement attributed to the environmental cleanup cost liability decreased the overall net position at September 30, 2007.

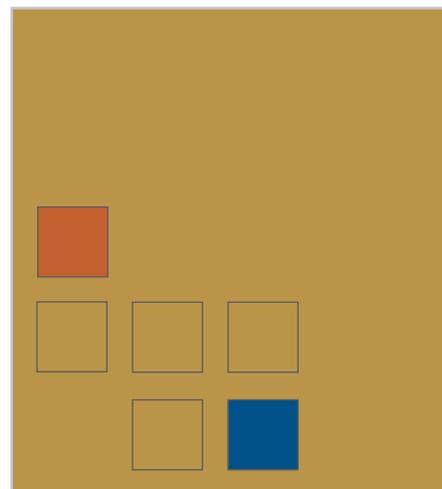
- (C) The adjustment to restate lead paint clean up costs by \$2,292 thousand decreased gross costs, net program costs and net cost of operations on the Statement of Net Cost for the year ended September 30, 2007. The Statement of Changes in Net Position was also appropriately adjusted with this correction. The restatement attributed to the environmental estimate decreased the beginning cumulative results of operations at October 1, 2006 while the overall net position attributable to this adjustment at September 30, 2007 remained the same.
- (D) The adjustment to unfilled customer orders by \$35,982 thousand increased total budgetary resources and status of budgetary resources on the Statement of Budgetary Resources for the year ended September 30, 2007. The restatement increased unobligated balances brought forward at October 1, 2006 and uncollected customer payments from Federal sources, October 1 by \$10,622 thousand and affected the change in unfilled customer orders received without advance from Federal agencies by \$25,360 thousand. The restatement for the unfilled customer orders also increased the apportioned unobligated balance for the year ended September 30, 2007 by \$35,982 thousand.
- (E) The adjustment to unfilled customer orders by \$4,473 thousand decreased total budgetary resources and status of budgetary resources on the Statement of Budgetary Resources for the year ended September 30, 2007 and decreased the change in unfilled customer orders received without advance from Federal agencies by \$4,473 thousand. The restatement for the unfilled customer orders also decreased the apportioned unobligated balance for the year ended September 30, 2007 by \$640 thousand while decreasing reimbursable obligations incurred by \$3,833 thousand.
- (F) Rounding correction of \$1 thousand.

The restatements as reflected in the FY 2007 financial statements are summarized in the chart below (in thousands):

	<u>2007</u> <u>Originally Stated *</u>	<u>Description</u> <u>Reference</u>	<u>Effect of</u> <u>Restatement</u>	<u>2007</u> <u>Restated</u>
Consolidated Balance Sheet Effects				
Intragovernmental Accounts Receivable, Net	\$ 24,780	(A)	\$ 11,090	\$ 35,870
Total Intragovernmental Assets	192,757	(A)	11,090	203,847
Total Assets	695,091	(A)	11,090	706,181
Environmental Clean-Up Liability	13,759	(B)	7,155	20,914
Total Liabilities	146,494	(B)	7,155	153,649
Cumulative Results of Operations	397,662	(A), (B)	3,935	401,597
Total Net Position	548,597	(A), (B)	3,935	552,532
Total Liabilities and Net Position	695,091	(A), (B)	11,090	706,181
Consolidated Statement of Net Cost Effects *				
Gross Costs	\$ 412,684	(C)	\$ (2,292)	\$ 410,392
Earned Revenue	146,433	(A)	11,090	157,523
Net Program Costs	266,251	(A), (C)	(13,382)	252,869
Net Cost of Operations	266,251	(A), (C)	(13,382)	252,869
Consolidated Statement of Changes in Net Position Effects				
Cumulative Results of Operations, Beginning, as adjusted	\$ 314,772	(B), (C)	\$ (9,447)	\$ 305,325
Net Cost of Operations	(266,251)	(A), (C)	13,382	(252,869)
Net Change	82,890	(A), (C)	13,382	96,272
Cumulative Results of Operations, Ending	397,662	(A), (B), (C)	3,935	401,597
Combined Statement of Budgetary Resources Effects				
Unobligated Balance				
Beginning Balance, October 1	\$ 89,855	(D)	\$ 10,622	\$ 100,477
Budgetary Authority:				
Change in Receivables from Federal Sources	9,651	(A)	11,090	20,741
Change in Unfilled Customer Orders				
Without Advance from Federal Sources	(28,400)	(A), (D), (E)	9,797	(18,603)
Budget Authority Subtotal	392,106	(A), (D), (E)	20,887	412,993
Total Budgetary Resources	493,533	(A), (D), (E)	31,509	525,042
Obligations Incurred				
Reimbursable	123,619	(E)	(3,833)	119,786
Subtotal	412,578	(E)	(3,833)	408,745
Unobligated Balance				
Apportioned	64,109	(D), (E)	35,342	99,451
Total Status of Budgetary Resources	493,533	(D), (E)	31,509	525,042
Obligated Balance, Net Beginning of Period				
Uncollected Customer Payments from Federal Sources, October 1	(152,926)	(D)	(10,622)	(163,548)
Total Unpaid Obligated Balance, Net Beginning of Period	111,983	(D)	(10,622)	101,361
Obligations Incurred, Net				
Change in Uncollected from Federal Sources	412,578	(E)	(3,833)	408,745
Change in Uncollected from Federal Sources	18,749	(A), (D), (E)	(20,887)	(2,138)
Obligated Balance, Net End of Period				
Unpaid Obligations	220,173	(E)	(3,833)	216,340
Uncollected Customer Payments from Federal Sources	(134,178)	(A), (D), (E), (F)	(31,508)	(165,686)
Total Unpaid Obligated Balance, Net End of Period	85,995	(D), (E), (F)	(35,341)	50,654

After discovering the above errors, the FLETC notified the DHS Office of Inspector General and requested that the FLETC's FY 2006 and FY 2007 financial statements be removed from public view, as prescribed by OMB Circular A-136. The FLETC will also be implementing policies and procedures to improve estimates of environmental liabilities, and to account for reimbursable revenue and unfilled customer orders.

*The FY 2007 gross costs and earned revenues were reclassified to be presented by major activity, Federal Law Enforcement Training and Reimbursable Construction, in the Statement of Net Cost to be consistent with the FY 2008 presentation. The effects of the restatements described above in items (A) and (C) relate to the Reimbursable Construction and the Federal Law Enforcement Training programs, respectively.



NOTE 19: 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, 2008 and 2007 is (in thousands):

	<u>2008</u>	<u>2007</u> (Restated) (See Note 18)
Budgetary Resources Obligated		
Obligations Incurred	\$ 435,473	\$ 408,745
Less: Spending Authority from Offsetting Collections and Recoveries	166,127	152,388
Obligations Net of Offsetting Collections and Recoveries	<u>269,346</u>	<u>256,357</u>
Less: Offsetting Receipts	26	189
Net Obligations	<u>269,320</u>	<u>256,168</u>
Other Resources		
Donations and Forfeitures	-	46
Transfers In/Out Without Reimbursement	26,138	9,179
Imputed Financing from Costs Absorbed by Others	22,369	20,453
Other	164	-
Net Other Resources Used to Finance Activities	<u>48,671</u>	<u>29,678</u>
Total Resources Used to Finance Activities	<u>317,991</u>	<u>285,846</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	(13,855)	(54,221)
Resources that Fund Expenses Recognized in Prior Periods	2,397	(350)
Resources that Finance the Acquisition of Assets or Liquidation of Liabilities	66,581	115,101
Other Adjustments that do not Affect Net Cost of Operations	164	9,447
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	<u>55,287</u>	<u>69,977</u>
Total Resources Used to Finance the Net Cost of Operations	<u>262,704</u>	<u>215,869</u>
Components Requiring or Generating Resources in Future Periods		
Increase in Annual Leave Liability	541	365
Increase in Environmental and Disposal Liability	92	9,717
Increase in Exchange Revenue Receivable	316	-
Other	3,806	4,909
Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods	<u>4,755</u>	<u>14,991</u>
Components not Requiring or Generating Resources		
Depreciation and Amortization	27,491	21,917
Revaluation of Assets or Liabilities	(45)	92
Total Components of Net Cost of Operations that will not Require or Generate Resources	<u>27,446</u>	<u>22,009</u>
Total Components of Net Cost of Operations that will not Require or Generate Resources in the Current Period	<u>32,201</u>	<u>37,000</u>
Net Cost of Operations	<u>\$ 294,905</u>	<u>\$ 252,869</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, 2008 and 2007. The information is measured by condition assessment survey, which includes periodic inspections of PP&E.

As of September 30, 2008

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	-	\$26,317
Equipment - Vehicles and Vessels	x	x	-	-	-
Equipment - Other	x	x	-	-	-
Stewardship/Heritage Assets				-	-
Total				\$26,317	\$29,087

As of September 30, 2007

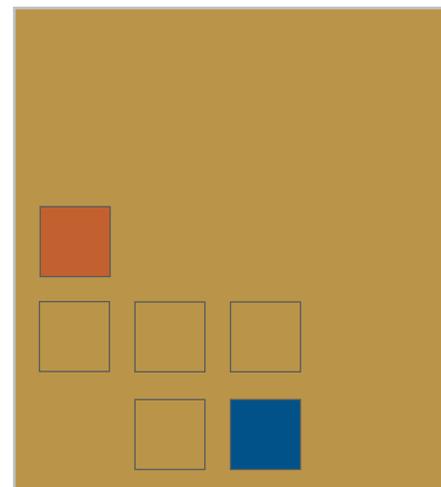
Asset Category	Asset Condition /1. (check all applicable box with "x")			(in thousands) Deferred Maintenance Estimated Range	
	Good	Fair	Poor	Low	High
	Buildings, Structures, and Facilities	x	x	-	\$33,730
Equipment - Vehicles and Vessels	x	x	-	-	-
Equipment - Other	x	x	-	-	-
Stewardship/Heritage Assets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

/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.

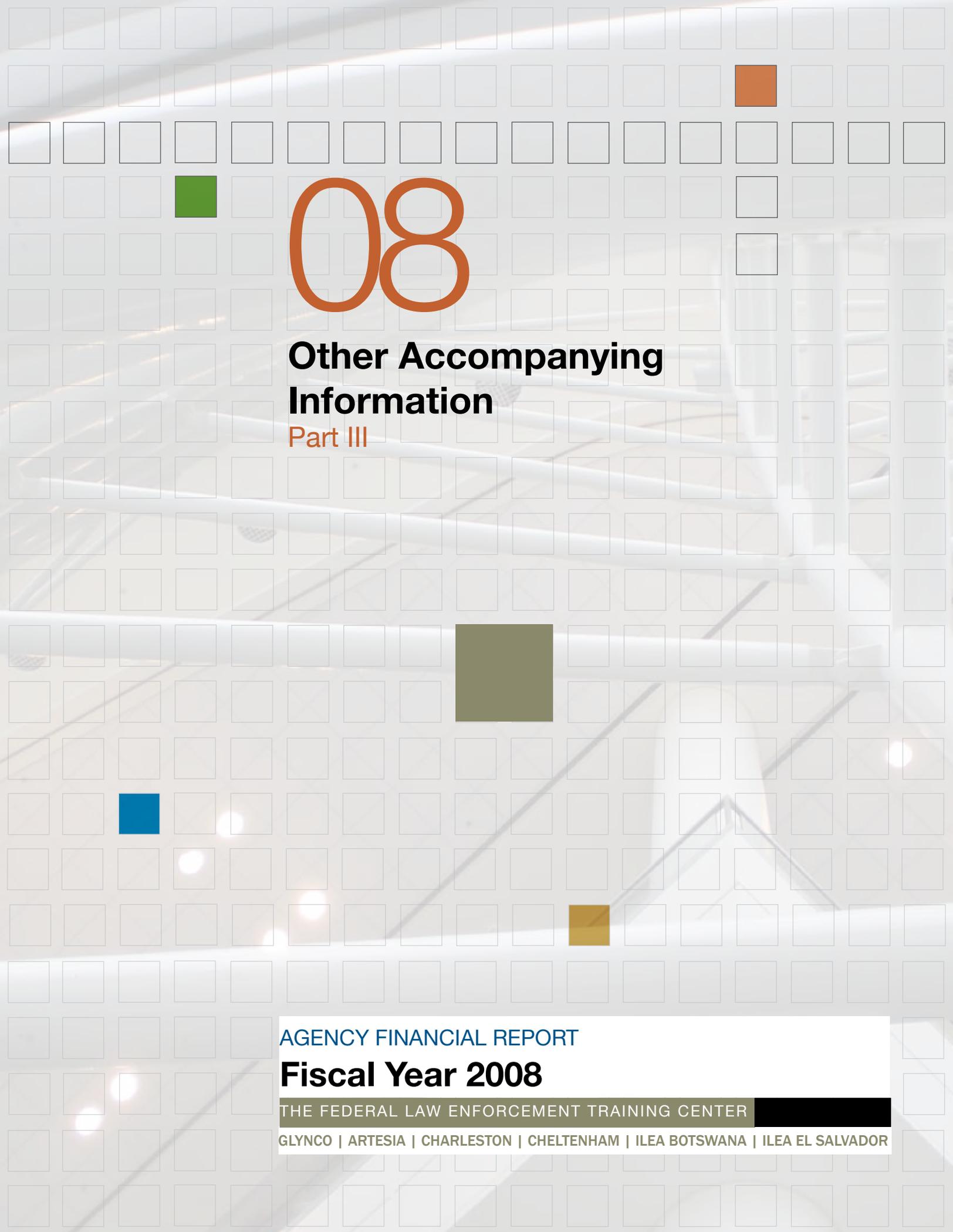
Poor. Facility/equipment does not meet most maintenance standards and requires frequent repairs to prevent accelerated deterioration and provide a minimal level of operating function. In some cases, this includes condemned or failed facilities.





An explosives ordnance technician readies an explosives detection and removal robot during a video production for the Transportation Security Administration by the FLTEC's Media Support Division.





08

Other Accompanying Information

Part III

AGENCY FINANCIAL REPORT

Fiscal Year 2008

THE FEDERAL LAW ENFORCEMENT TRAINING CENTER

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

Other Accompanying Information (Unaudited)

IPIA REPORTING DETAILS

In FY 2008, 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. To be consistent with the DHS IPIA risk-based approach and efficient use of resources, the FLETC did not perform any sample testing of its IPIA programs in FY 2008.

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.

PROGRAM EXPENSES

The FLETC incurred \$461 and \$410 million of gross program expenses during the years ended September 30, 2008 and 2007, respectively. The breakdown of program expenses by major budget object class are as follows (in thousands):

<u>Program Expenses</u>	<u>2008</u>	<u>2007</u> <u>(Restated)</u> <u>(See Note 18)</u>
Personnel Costs	\$ 140,893	\$ 138,958
Services	144,658	117,570
Construction and Maintenance	95,420	85,758
Depreciation	27,491	21,917
Equipment	22,421	19,431
Supplies and Materials	21,110	15,500
Travel and Transportation	9,374	9,159
Environmental Cleanup Costs	92	271
Miscellaneous	1	1,828
Total	<u>\$ 461,460</u>	<u>\$ 410,392</u>

FLETC Partner Organizations

3 Branches of Government
31 Member Departments and Independent Agencies
87 Total Partner Organizations

EXECUTIVE BRANCH:

Agency for International Development	Office of the Inspector General
Agriculture	U.S. Forest Service Office of the Inspector General
Central Intelligence Agency	Office of the Inspector General Office of Security
Commerce	Bureau of Industry and Security National Institute of Standards and Technology National Marine Fisheries Service Office of the Inspector General Office of Security
Corporation for National and Community Service	Office of the Inspector General
Defense	Air Force Office of Special Investigations Defense Criminal Investigative Service Defense Logistics Agency National Security Agency Naval Criminal Investigative Service Pentagon Force Protection Agency Conservation Law Enforcement Consortium
Education	Office of the Inspector General
Energy	Office of the Inspector General Office of Health, Safety and Security
Environmental Protection Agency	Criminal Investigations Division Office of the Inspector General
Federal Deposit Insurance Corporation	Office of the Inspector General
General Services Administration	Office of the Inspector General
Health and Human Services	Food and Drug Administration National Institutes of Health Office of the Inspector General
Homeland Security	Citizenship and Inspection Services Customs and Border Protection Federal Air Marshals 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
Housing and Urban Development	Office of the Inspector General Protective Services Division
Interior	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

OTHER SUPPLEMENTAL INFORMATION

Justice	Bureau of Alcohol, Tobacco and Firearms Federal Bureau of Prisons Federal Bureau of Investigations Police Office of the Inspector General U.S. Marshals Service
Labor	Office of the Inspector General Office of Labor-Management Standards
National Aeronautics and Space Administration	Office of the Inspector General
National Railroad Passenger Corporation	Amtrak Police Amtrak Office of Security, Strategy and Special Operations
Nuclear Regulatory Commission	Office of the Inspector General
Office of Personnel Management	Office of the Inspector General
Railroad Retirement Board	Office of the Inspector General
Small Business Administration	Office of the Inspector General
Smithsonian Institute	National Zoological Park Office of Protection Services
Social Security Administration	Office of the Inspector General
State	Bureau of Diplomatic Security Office of the Inspector General
Tennessee Valley Authority	Office of the Inspector General TVA Police
Transportation	Office of the Inspector General Federal Aviation Administration
Treasury	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 Police
U.S. Postal Service	Office of the Inspector General
Veterans Affairs	Office of the Inspector General
JUDICIAL BRANCH:	
U.S Courts	Office of Probation and Pretrial Services Supreme Court Police
LEGISLATIVE BRANCH:	
U.S. Congress	Library of Congress Police Government Printing Office, Office of the Inspector General Government Printing Office, Office of Security U.S. Capitol Police

Principal Officials of the FLETC

Director.....	Connie L. Patrick
Chief of Staff.....	Jane C. Titus
Chief Counsel.....	David Brunjes
Public Affairs Officer.....	Peggy D. Dixon
Senior Associate Director, Washington Operations.....	John C. Doohar
Assistant Director - Chief Financial Officer.....	Alan L. Titus
Deputy Director.....	D. Kenneth Keene
Assistant Director, Training.....	Mark Fallon
Deputy Assistant Director, Training Operations.....	Robert Ray
Deputy Assistant Director, Training Applications.....	Bryan Lemons
Assistant Director, Training Innovation and Management.....	Michael R. Hanneld
Deputy Assistant Director, Training Management.....	Valerie Atkins
Deputy Assistant Director, Training Support.....	Stephanie Marr
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.....	Wayne Anderson
Deputy Assistant Director, Cheltenham Operations.....	Ted Sparks
Assistant Director, Administration	Marcus Hill
Deputy Assistant Director, Assets Management	Gregory G. Carver
Deputy Assistant Director, Operations Support	Bradley W. Smith
Assistant Director - Chief Information Officer.....	Sandra H. Peavy
Deputy Assistant Director, Chief Information Officer.....	Raymond Barnett

fiscal year

08

WE TRAIN THOSE WHO PROTECT OUR HOMELAND

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