



# OFFICE OF INSPECTOR GENERAL

## Department of Homeland Security

### Inspiring Action



## SEMIANNUAL REPORT TO THE CONGRESS

April 1, 2015 through September 30, 2015

This Semiannual Report to the Congress is issued pursuant to the provisions of section 5 of the *Inspector General Act of 1978*, Public Law 95-452, as amended (*Inspector General Act*) and reflects the accomplishments of the Department of Homeland Security (DHS) Office of Inspector General (OIG) for the period April 1, 2015, to September 30, 2015. We also include the status of our prior reports and recommendations to the Department. Please see the appendixes for a list of the reports issued this period and the status of prior recommendations.

## Statistical Highlights of OIG Activities

### April 1, 2015, through September 30, 2015

<b>Dollar Impact</b>	
Questioned Costs	\$294,434,630
Funds to be Put to Better Use	\$225,004,386
Management Agreement That Funds Be Recovered/Deobligated from Audits	\$233,095,109
Funds Recovered/Deobligated (from audits and investigations)	\$608,338,633
Funds Recovered/Deobligated from Audits	\$592,499,328
Recoveries from Investigations	\$15,839,305
Fines	\$42,256
Restitutions	\$19,445,678
<b>Activities</b>	
Reports Issued to DHS	100
Audit and Inspection	44
Disaster Relief Fund	47
Integrity and Quality Oversight	1
Management Alerts and Advisories	6
Verification Reviews	2
Investigative Reports Issued	218
Investigations Initiated	389
Investigations Closed	284
Open Investigations	944
Investigations Referred for Prosecution	110
Investigations Accepted for Prosecution	46
Investigations Declined for Prosecution	51
Arrests	57
Indictments	58
Convictions	60
Personnel Actions	17
Total Complaints Received	9,714
Hotline Complaints (excludes whistleblower)	9,591
Whistleblower	123
Complaints Referred (to programs or other agencies)	7,817
Complaints Closed	9,700



**OFFICE OF INSPECTOR GENERAL**  
Department of Homeland Security

Washington, DC 20528 / [www.oig.dhs.gov](http://www.oig.dhs.gov)

October 30, 2015

The Honorable Jeh C. Johnson  
Secretary  
Department of Homeland Security  
Washington, DC 20528

Dear Mr. Secretary:

I am pleased to present our semiannual report, which summarizes the work and accomplishments of our office during the second half of fiscal year 2015.

In this report, we focus on the impact of our work on the Department, and how our findings have inspired congressional action to improve the Department's efforts to secure the Nation.

We are making a difference. Our work has prompted the Department to make positive changes that corrected hundreds of issues and improved its programs and operations. For example, as a result of our reviews and recommendations related to the Transportation Security Administration's (TSA) PreCheck initiative, TSA modified some practices to enhance airport security. The Department has also taken actions ranging from tightening its aircraft acquisition management policies and practices to helping Federal Emergency Management Agency employees and disaster grant applicants understand Federal procurement requirements. Based on the Department's actions this period, we closed 310 recommendations issued in this and prior periods.

Congress also took notice of our work, calling on us to testify 8 times and brief members and their staff more than 50 times. Inspired by our findings, recommendations, and testimony, the 114th Congress introduced 14 different pieces of legislation aimed at correcting issues identified in our reports, 3 of which are now laws. For example, Congress addressed:

- DHS' ongoing lack of a robust and comprehensive interoperable communications strategy, a continuing concern highlighted in an earlier report, as well as a follow-up verification review. On July 6, 2015, President Obama signed into law P.L. 114-29, *DHS Interoperable Communications Act* (H.R. 615), which requires DHS to maintain interoperable communications among its components.
- Several TSA related issues, including hiring practices, with P.L. 719, *TSA Office of Inspection Accountability Act (Continuing Appropriations Act, 2016)* and H.R. 2750, the *Improved Security Vetting for Aviation Workers Act of 2015*; passenger screening at airports, with H.R. 2843, the *TSA PreCheck Expansion Act* and H.R. 2127, the *Securing Expedited Screening Act*; and maintenance of security-related technology at airports, with H.R. 2770, the *Keeping our Travelers Safe and Secure Act*.

The *Inspiring Department and Congressional Action* section of this report contains a full list and description of the 114th Congress' legislative actions to address our work.

I also want to acknowledge my staffs' outstanding work. The Council of Inspectors General on Integrity and Efficiency (CIGIE) recognized several of our teams for their outstanding work this year. Specifically, CIGIE recognized teams that audited the U.S. Customs and Border Protection's unmanned aircraft program and the Department's pandemic preparedness program, as well as a team that reviewed TSA's PreCheck initiative. CIGIE also recognized two of our investigators involved in joint investigations of two scientists who defrauded the Government and a 10-defendant mortgage fraud scheme. As these awards attest, we continue to make a positive impact on the effectiveness, efficiency, and integrity of the Department.

Looking forward, we will continue to concentrate on the areas of greatest risk to the Department and periodically review actions taken to address our prior findings. To that end, we will continue to conduct verification reviews, such as the review of interoperable communication completed this period. We look forward to reporting in the future on the Department's actions to address critical issues and persistent challenges.

Sincerely,

John Roth  
Inspector General



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## Office of Inspector General Accomplishments

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During this reporting period, DHS OIG completed significant audits, inspections, and investigations to promote economy, efficiency, effectiveness, and integrity in the Department's programs and operations. Specifically, we issued 100 reports, including management advisories, alerts, and reports on Disaster Relief Fund spending (appendix 4), as well as 218 investigative reports, while continuing to strengthen our transparency and internal oversight. Our reports provide the DHS Secretary and Congress with an objective assessment of the issues the Department faces. They also offer specific recommendations to correct deficiencies and improve the economy, efficiency, and effectiveness of DHS' programs.

Our audits resulted in questioned costs of \$294,434,630 of which \$73,122,595 did not have supporting documentation. As a result of disallowed costs identified in current and previous audit reports, the Department recovered or deobligated \$592,499,328 (appendix 5). We issued 11 reports identifying \$225,004,386 in funds that could be put to better use. We initiated 389 and closed 284 investigations. Our investigations

resulted in 57 arrests, 58 indictments, 60 convictions, and 17 personnel actions. Additionally, we reported \$35,327,239 in recoveries, fines, and restitutions from investigations.

We made 263 recommendations that, if implemented, should improve the Department's programs and operations. The Department took action so that we were able to close 310 recommendations. We will continue to encourage the Department to take timely corrective actions to address our findings and recommendations, particularly the 583 unique recommendations that remain open and unimplemented at the end of this reporting period.

We also continue to actively engage with Congress on a range of issues relating to our work and that of the Department. Inspector General John Roth testified eight times before Congress during this reporting period. We provide our hearing testimony at [www.oig.dhs.gov](http://www.oig.dhs.gov) and a list of the legislation inspired by our work on page 9 of this report.

# Office of Inspector General and Department of Homeland Security Profiles

The *Homeland Security Act* officially established DHS, with the primary mission of protecting the American homeland. The *Homeland Security Act* also established an OIG in the Department by amendment to the *Inspector General Act*. By this action, Congress and the administration ensured independent and objective audits, inspections, and investigations of DHS' programs and operations.

The President appoints and the Senate confirms the Inspector General, who reports directly to the DHS Secretary and Congress. The *Inspector General Act* ensures OIG's independence. This independence enhances our ability to prevent and detect fraud, waste, and abuse, as well as to provide objective and credible reports to the Secretary and Congress on the economy, efficiency, and effectiveness of DHS' programs and operations.



## OIG is organized into the following offices:

- Executive Office
- Office of Audits (OA)
- Office of Counsel
- Office of Emergency Management Oversight (EMO)
- Office of Information Technology Audits (ITA)
- Office of Inspections and Evaluations (I&E)
- Office of Integrity and Quality Oversight (IQO)
- Office of Investigations (INV)
- Office of Legislative Affairs
- Office of Management
- Office of Public Affairs

## DHS is organized into the following components and offices:

- Directorate for Management (MGMT)
- Domestic Nuclear Detection Office (DNDO)
- Federal Emergency Management Agency (FEMA)
- Federal Law Enforcement Training Center (FLETC)
- National Protection and Programs Directorate (NPPD)
- Office for Civil Rights and Civil Liberties
- Office of General Counsel
- Office of Health Affairs
- Office of Inspector General (OIG)
- Office of Intelligence and Analysis (I&A)
- Office of Intergovernmental Affairs
- Office of Legislative Affairs
- Office of Operations Coordination
- Office of Policy
- Office of Public Affairs
- Privacy Office
- Science and Technology Directorate (S&T)
- Transportation Security Administration (TSA)
- U.S. Citizenship and Immigration Services (USCIS)
- United States Coast Guard (USCG)
- U.S. Customs and Border Protection (CBP)
- U.S. Immigration and Customs Enforcement (ICE)
- United States Secret Service (Secret Service)

# SUMMARY OF SIGNIFICANT OFFICE OF INSPECTOR GENERAL ACTIVITY





## INSPIRING DEPARTMENT AND CONGRESSIONAL ACTION

Since 2003, our work has inspired significant Department and congressional action to correct deficiencies identified in our audit, inspection, and investigative reports. We issued more than 9,500 recommendations to improve the economy, effectiveness, efficiency, and integrity of the Department's programs and operations. And, the Department took action to address all but 583 of those recommendations, as of September 30, 2015. Congress has also taken notice of our work and called on us to testify 126 times since our office was created.

During this reporting period, we issued 263 unique recommendations to the Department and closed 310 recommendations, issued in this and prior periods, because of the Department's actions. The 114th Congress also recognized our work by calling on us to testify 8 times and by introducing 14 different bills aimed at addressing issues raised in our reports and testimony. Three of those bills have been signed into law.

Following are examples of the recent positive changes and actions taken by both the Department and Congress as a result of our work.

### Department Action

The Department has many challenges, some of which are persistent and difficult to resolve quickly and completely, and others that lend themselves to easier solutions. Our work continues to highlight both types of challenges, and DHS typically responds by implementing our recommended changes to improve programs and operations.

In this reporting period, for example, we were able to close recommendations we made in earlier reports because USCIS and FEMA took action to resolve them. As a result of recommendations in a report from early in 2014, USCIS implemented processes to improve the accuracy of

its fee collection process, an issue we had identified as a result of our review of employers' payment of border security fees for certain employees. To address our continued findings of noncompliance with Federal procurement regulations, FEMA established a Procurement Disaster Assistance Team of attorneys who work with grant applicants and FEMA employees to ensure compliance with Federal procurement standards. FEMA deploys the team to disasters to provide procurement training. As of July 2015, the team provided classroom training to approximately 1,300 FEMA, State, and local emergency management personnel in 16 states.

In some cases, as illustrated by several other reports, components acted quickly to address our recommendations. For example, early this year, we issued a report on our review of TSA's PreCheck initiative in which we concluded that TSA needed to make security enhancements to PreCheck. In June 2015, TSA modified certain Secure Flight Risk Assessment Rules for assigning passengers to TSA PreCheck expedited screening lanes, and in September 2015, TSA stopped using a form of real-time threat assessment at the airport (Managed Inclusion) for these lanes. In a management advisory we issued this reporting period, we identified issues with an inoperable alarm system at former President George H.W. Bush's Houston residence. During the time the alarm was inoperable, the Secret Service created a roving post to secure the residence, and no security breach occurred. However, we found problems with identifying, reporting, and tracking alarm system malfunctions, and with repairing and replacing alarm systems, all of which the Secret Service has taken steps to resolve. Finally, the Department took action to improve reporting of conference expenditures to our office and the public. The improvements will enable the public to better access this information.

Ultimately, for both longer term solutions and short term actions, our commitment to change continues to reap benefits and help the Department accomplish its mission more effectively and efficiently.

### Congressional Action

Similarly, both our past and recent work prompted significant congressional action during the reporting period. On January 13, 2015, Senator John McCain introduced a bill to improve the operation of DHS' Unmanned Aircraft System (UAS) program, as a result of our report *U.S. Customs and Border Protection's Unmanned Aircraft System Program Does Not Achieve Intended Results or Recognize All Costs of Operations*, OIG-15-17, which highlighted the program's management deficiencies. The bill, *Unmanned Aircraft System Improvement Act* (S. 159), addresses issues raised in our report, in which we concluded that CBP's UAS program had not achieved its intended results, such as flight hour goals, nor was CBP accurately determining all costs of operation. The bill requires DHS to use its UAS for surveillance of the entire southwest border and report performance indicators such as flight hours, detections, apprehensions, and seizures. It also prevents DHS from procuring additional unmanned aircraft until it operates its current fleet for at least 23,000 hours annually.

In May 2015, 2 years after we released a report on the Department's lack of interoperable radio communications, we discovered that DHS components still could not communicate effectively on a single radio channel during emergencies, daily operations, and planned events. In March 2014, Representative Donald M. Payne, Jr., introduced a bill in response to DHS' ongoing lack of a robust and comprehensive interoperable communications strategy, as highlighted in our reports. The legislation passed the House during the 113th Congress but was not acted upon in the Senate. At the beginning of the 114th Congress, on January 28, 2015, Representative Payne, Jr., re-introduced the legislation (H.R. 615). On July 6, 2015, President Obama signed into law the *DHS Interoperable Communications Act*. Under the new law, the Department's Under Secretary for Management is required to maintain interoperable communications among the components of the Department. The Department is also required to create and submit to Congress a strategy to achieve department-wide interoperable communications that includes known interoperability challenges and gaps and projected milestones.

Congress has taken action as a result of our review of TSA's PreCheck initiative, in which we concluded that TSA needed to make security enhancements to PreCheck. On April 30, 2015, Representative Bennie Thompson introduced the *Securing Expedited Screening Act*, directing the TSA Administrator to limit expedited airport checkpoint screening to PreCheck participants and other known low-risk passengers. This bill was passed by the House of Representatives on July 27, 2015, and has been referred to the Senate Committee on Commerce, Science, and Transportation. Also in July, Representative John Katko, introduced the *TSA PreCheck Expansion Act* (H.R. 2843), which was passed by the House and includes provisions for vetting PreCheck participants.

Our June 2015 report, *TSA Can Improve Aviation Worker Vetting*, OIG-15-98, also inspired legislative action. On June 12, 2015, Representative Katko introduced the *Improved Security Vetting for Aviation Workers Act of 2015* (H.R. 2750) to require TSA to take specific actions to improve TSA's worker credential vetting program. H.R. 2750 passed the House and is awaiting action in the Senate. In addition, Representative Katko introduced two companion bills, the *Transportation Security Administration Reform and Improvement Act of 2015* (H.R. 3584) and the *Airport Access Control Security Improvement Act of 2015* (H.R. 3102), to improve vetting and airport workers' access to secure areas of the airports. The bills resulted from recommendations in our report, in which we concluded that TSA did not have all the information it needed when it originally vetted 73 individuals because it was not authorized to receive all information indicating actual or possible relations to terrorism. Also, TSA did not have effective controls in place for ensuring that aviation workers were eligible for unescorted access to secure areas and to work in the United States. We made six recommendations to TSA to request and review additional watchlist data, improve verification of applicants' right to work, revoke credentials when the right to work expires, and improve the quality of vetting data. TSA concurred with all of our recommendations.

In addition, our May 2015 report *The Transportation Security Administration Does Not Properly Manage Its Screening Equipment Maintenance Program* generated congressional action. On June 15, 2015, Representative Kathleen Rice introduced the *Keeping our Travelers Safe and Secure Act* (H.R. 2770), requiring TSA to develop and implement a preventive maintenance validation process for security-related technology at airports. The bill resulted from our determination that because TSA

did not properly manage the maintenance of its security-related technology at airports, it could not be assured that routine preventive maintenance was performed or that equipment was repaired and ready for operational use.

Following is a list of the legislative action taken by the 114th Congress to address issues raised in our reports, testimony, and briefings. Please use the links provided to review our related reports.

### Congressional Action Inspired by DHS OIG

Bill No.	Title	Description	Status as of 10/20/15	Related DHS OIG Report
H.R. 615	<i>DHS Interoperable Communications Act</i>	Amends the <i>Homeland Security Act of 2002</i> to make the DHS Under Secretary for Management responsible for policies and directives to achieve and maintain interoperable communications among DHS components.	P.L. 114-29	OIG-15-97-VR OIG-13-06
H.R. 719	<i>TSA Office of Inspection Accountability Act (Continuing Appropriations Act, 2016)</i>	Requires DHS OIG to audit certain aspects of TSA's hiring and requires TSA to certify to Congress that its 1811s (investigators) in the Office of Inspection (OOI) meet proper requirements.	P.L. 114-53	OIG-13-123
H.R. 1626	<i>DHS IT Duplication Reduction Act of 2015</i>	Directs the DHS Chief Information Officer to report on information technology duplication at DHS and develop a strategy to reduce duplication.	P.L. 114-43	OIG-11-69
H.R. 2127	<i>Securing Expedited Screening Act</i>	Directs the TSA Administrator to limit access to expedited airport screening as part of its PreCheck Program.	Introduced 4/30/15, Passed House 7/27/15	OIG-15-45 OIG-15-29
H.R. 2199	<i>DHS Acquisition Accountability and Efficiency Act</i>	Amends the <i>Homeland Security Act of 2002</i> to reform acquisition and procurement programs and activities of DHS.	Introduced 5/1/15	OIG-13-113 OIG-13-89 OIG-13-06
H.R. 2770	<i>Keeping our Travelers Safe and Secure Act</i>	Amends the <i>Homeland Security Act of 2002</i> to direct TSA to develop and implement a preventive maintenance validation process for security-related technology deployed to airports.	Introduced 6/15/15, Passed House 7/27/15	OIG-15-86
H.R. 2750	<i>Improved Security Vetting for Aviation Workers Act of 2015</i>	Amends the <i>Homeland Security Act of 2002</i> to direct TSA, by December 31, 2015, in coordination with the DHS Assistant Secretary for Policy, to request from the Director of National Intelligence access to additional data from the Terrorist Identities Datamart Environment data and any or other terrorism-related information to improve the effectiveness of TSA's credential vetting program for individuals with unescorted access to sensitive areas of airports.	Introduced 6/12/15, Passed House 7/27/15	OIG-15-98

## Congressional Action Inspired by DHS OIG (continued)

Bill No.	Title	Description	Status as of 10/20/15	Related DHS OIG Report
H.R. 2843	<i>TSA PreCheck Expansion Act</i>	Requires certain improvements in TSA's PreCheck expedited screening program.	Introduced 6/19/2015, Passed House 7/27/2015	OIG-15-45 OIG-15-29
H.R. 3102	<i>Airport Access Control Security Improvement Act of 2015</i>	Amends the <i>Homeland Security Act of 2002</i> to direct TSA to establish a risk-based, intelligence-driven model for the screening of airport employees based on level of employment-related access to Secure Identification Display Areas, Airport Operations Areas, or secure areas at U.S. airports.	Introduced 7/16/15, Passed House 10/6/15	OIG-15-98 OIG-13-42 OIG-12-26 OIG-11-95
H.R. 3510	<i>Department of Homeland Security Cybersecurity Strategy Act of 2015</i>	Instructs the Secretary of DHS to develop a departmental cybersecurity strategy and implementation plan to carry out the cyber responsibilities of the Department.	Introduced 9/15/15, Passed House 10/6/15	OIG-15-140
H.R. 3572	<i>DHS Headquarters Reform and Improvement Act of 2015</i>	Reforms, streamlines, and makes improvements to DHS; supports the Department's efforts to implement better policy, planning, management, and performance; and reforms acquisition and procurement programs and activities.	Introduced 9/18/15, Passed House 10/20/15	OIG-14-17 OIG-13-113 OIG-13-89 OIG-13-06
H.R. 3584	<i>Transportation Security Administration Reform and Improvement Act of 2015</i>	Authorizes, streamlines, and identifies efficiencies within TSA. Includes provisions related to TSA OOI, Secure Flight, covert testing, maintenance of equipment, and vetting of workers.	Introduced 9/22/15, Committee Mark-up 9/30/15	OIG-15-150 OIG-15-98 OIG-15-86 OIG-14-153 OIG-13-123
S. 159	<i>Unmanned Aircraft System Improvement Act</i>	Prohibits DHS from procuring any additional UAS until it provides written certification that it successfully operated its current UAS fleet at least 23,000 hours during the preceding calendar year; and excepts the procurement of unmanned aircraft that do not weigh more than 150 pounds.	Introduced 7/28/15, Committee Mark-up 10/7/15	OIG-15-17
S. 1873	<i>Border Security Technology Accountability Act of 2015</i>	Amends the <i>Homeland Security Act of 2002</i> to require each DHS border security technology acquisition program with a significant lifecycle cost estimate to: (1) have written documentation demonstrating that each such program has an acquisition program baseline approved by the relevant acquisition decision authority; and (2) demonstrate that each such program is meeting agreed-upon cost, schedule, and performance thresholds, in compliance with the Federal Acquisition Regulation.	Introduced 7/28/15, Committee Mark-up 10/7/15	OIG-15-17 OIG-13-89

## ENHANCING SECURITY AND IMMIGRATION ENFORCEMENT

### MANAGEMENT ADVISORIES

#### *Management Advisory – Alarm System Maintenance at Residences Protected by the U.S. Secret Service*

In October 2014, we visited former President George H.W. Bush’s Houston residence in response to a complaint alleging alarms were inoperable. During our visit, we identified issues with the alarm system at the residence. Specifically, we determined an alarm element at the residence was inoperable for at least 13 months. During this time, the Secret Service protective detail created a roving post to secure the residence, and no security breach occurred. However, we found problems with identifying, reporting, and tracking alarm system malfunctions, and with repairing and replacing alarm systems. Because these issues may be affecting other residences, we brought them to Secret Service management’s attention and made two recommendations to resolve them. The Secret Service concurred with both recommendations and took corrective action. We consider both recommendations closed.

(OIG-15-61, April 2015, I&E)

#### *U.S. Secret Service – March 4th Incident*

We investigated the events that took place at the White House Complex on March 4, 2015, when two managerial Secret Service agents disrupted the scene of a suspicious package investigation. Following a colleague’s retirement celebration at a local bar/restaurant, the two agents drove into the White House Complex while it was in heightened security status. After reviewing all relevant evidence and conducting nearly 50 interviews, we found that the two supervisory agents displayed poor judgment and a lack of situational awareness by driving into the scene of a potential explosive device and potentially endangering lives, most likely because their judgment was impaired by alcohol. We also found that the two agents and two most senior Uniformed Division officers neglected their duty to report this incident to their supervi-

sors. As a result, the Secret Service Director only became aware of the incident 5 days later when he was notified by an outside party, which was when he took action.

(No Report Number Issued, March 2015, INV)

### REPORTS

#### *ICE Air Transportation of Detainees Could Be More Effective*

Although ICE Enforcement and Removal Operation (ERO) air transfer program met its mission by transporting 930,435 detainees over a 3-1/2-year period, it may have been able to use its resources more effectively. ICE Air did not capture complete and accurate data essential to support operational decisions. This occurred because ERO did not provide the planning, management, and reporting tools needed to operate effectively, and it does not have a mechanism in place to obtain feedback on how well its processes are performing. As a result, ICE Air operated charter flights with empty seats and could have realized cost savings of up to \$41.1 million upon determining optimum flight capacity. This estimate is based on the average of charter costs incurred during the scope period for the missions analyzed. We made four recommendations to address the deficiencies identified in this report to improve the effectiveness and efficiency of the ICE Air program. ICE concurred with all four recommendations and indicated it has begun activities to implement the recommendations. All four recommendations remain open and resolved.

(OIG-15-57, April 2015, OA)

#### *CBP’s Houston Seaport Generally Complied with Cargo Examination Requirements but Could Improve Its Documentation of Waivers and Exceptions*

CBP is responsible for identifying high-risk cargo shipments arriving at the Houston Seaport that pose a possible threat to national security. We determined that the Houston Seaport generally complied with CBP’s *National Maritime Targeting Policy* and *Cargo Enforcement Reporting and Tracking System (CERTS) Port Guidance*. However, CBP could improve its documentation of waivers and exceptions to mandatory examinations of

high-risk cargo. In addition, CBP could improve access controls for authorizing Port Director waivers within CERTS. Proper documentation of Port Director waivers and exceptions to mandatory examinations of high-risk cargo shipments in CERTS may help facilitate management oversight, as well as accurate reporting of waiver and standard exception statistics. Additionally, improved access controls over Port Director waiver approvals within CERTS would help prevent waiving the mandatory examination of a high-risk shipment that may threaten national security. CBP concurred with all three recommendations and has provided documentation resulting in the resolution and closure of one recommendation; the other two recommendations are resolved and open. (OIG-15-64, April 2015, OA)

***DHS Missing Data Needed to Strengthen Its Immigration Enforcement Efforts***

Part of Department's mission to achieve a safe, secure, and resilient homeland includes enforcing and administering immigration laws. The Department uses prosecutorial discretion in deciding to what extent it will enforce immigration laws, including whether to place aliens in or take them out of the removal process. However, the Department does not collect and analyze data on the use of prosecutorial discretion to fully assess its current immigration enforcement activities and to develop future policy. The Department also does not have a mechanism to continuously monitor its use of prosecutorial discretion and improve future policy. As a result, the Department may not be using its significant investment in immigration enforcement as efficiently as possible and may also be missing opportunities to strengthen its ability to remove aliens who pose a threat to national security and public safety. The Department concurred with our recommendation to develop and implement a plan to collect, analyze, and report data on its use of prosecutorial discretion. However, the recommendation remains open and unresolved until the Department provides us with sufficient information about planned corrective actions. (OIG-15-85, May 2015, OA)

***The Transportation Security Administration Does Not Properly Manage Its Screening Equipment Maintenance Program***

We determined that TSA is not properly managing the maintenance of its airport screening equipment. Specifically, TSA has not issued adequate policies and procedures to airports for carrying out equipment maintenance-related responsibilities and it does not adequately oversee screening equipment maintenance. Consequently, TSA cannot be assured that routine preventive maintenance is performed or that equipment is repaired and ready for operational use.

Without diligent oversight, including implementing adequate policies and procedures and ensuring it has complete, accurate, and timely maintenance data for thousands of screening equipment units, TSA risks shortening equipment life and incurring costs to replace equipment. If the equipment is not fully operational, TSA may have to use other screening measures, which could result in longer wait times and delays in passenger and baggage screening. More importantly, our prior work on airport passenger and baggage screening demonstrated that these other measures may be less effective at detecting dangerous items. Consequently, the safety of airline passengers and aircraft could be jeopardized. To strengthen program oversight, we recommended that TSA develop, implement, and enforce policies and procedures to ensure its screening equipment is maintained as required and is fully operational while in service. TSA has provided updates describing the steps taken to implement the recommendations, and we now consider them resolved and open. (OIG-15-86, May 2015, OA)

***CBP is on Track to Meet ACE Milestones, but It Needs to Enhance Internal Controls***

The President has mandated that CBP implement its Automated Commercial Environment (ACE) by December 31, 2016. We determined that CBP is on track to meet its milestones for the implementation of the ACE program; however, it needs to enhance internal controls. CBP has not ensured the internal control environment has kept pace with the rapid deployment of the ACE

program. Specifically, CBP has not conducted risk assessments to identify potential gaps in data reliability, and has not fully developed and implemented performance measures for the program. We made one recommendation that CBP, continuously assess, evaluate, and update internal controls during each 13-week development increment. Specifically CBP should conduct a risk assessment to identify potential data reliability gaps, and develop and implement specific, measurable, achievable, relevant, and time-sensitive performance measures. This recommendation, when implemented, should improve the efficiency and effectiveness of the program. CBP did not concur with our recommendation, but it is now considered resolved. (OIG-15-91, May 2015, OA)

***Streamline: Measuring Its Effect on Illegal Border Crossing***

CBP's Border Patrol uses Streamline to criminally charge and refer aliens to prosecution for illegal entry and re-entry. It is a collaborative effort between Border Patrol, ICE ERO, the U.S. Courts, and other Federal agencies, such as the Department of Justice's U.S. Attorneys' Office, U.S. Marshals Service, and the Bureau of Prisons. We determined that the Border Patrol has metrics to evaluate Streamline's effect on illegal alien re-entry, but its current metrics limit its ability to fully analyze illegal re-entry trends over time. The Border Patrol does not distinguish Streamline costs from its other Consequence Delivery System border enforcement actions and is not able to determine Streamline associated costs. According to ICE ERO, as a result of Streamline, ERO must remove more aliens, which increases its workload at some southwest border ERO field offices and strains staffing resources. In addition, the Border Patrol does not have guidance on using Streamline for aliens who express fear of persecution or return to their home countries. We made five recommendations to assist the Border Patrol and ERO in improving Streamline's operation and administration. CBP and ICE concurred with all five recommendations, four of which are now considered resolved. (OIG-15-95, May 2015, I&E)

***TSA Can Improve Aviation Worker Vetting***

TSA is responsible for properly vetting aviation workers with unescorted access to Secure Identification Display Areas and sterile areas or commercial airports. TSA reviews aviation workers for links to terrorism and for workers' lawful status in the United States, while airport operators review workers' criminal histories and authorization to work. We determined that TSA's recurrent vetting process to vet aviation workers for potential links to terrorism was generally effective. However, TSA did not identify 73 individuals with terrorism-related information, because it is not authorized to receive all terrorism-related information. In addition, TSA had less effective controls in place for ensuring that aviation workers (1) had not committed crimes that would disqualify them from having unescorted access to secure airport areas, and (2) were authorized to work in the United States. Specifically, TSA relied on airport operators to perform those checks and performed limited oversight of the checks. Finally, we identified thousands of records used for vetting workers that contained potentially incomplete or inaccurate data, such as an initial for a first name and missing social security numbers. TSA did not have appropriate edit checks in place to reject such records from vetting. Without complete and accurate information, TSA risks credentialing and providing unescorted access to secure airport areas for workers with potential to harm the nation's air transportation system. We made six recommendations to TSA to request and review additional watchlist data, require that airports improve verification of applicants' right to work, revoke credentials when the right to work expires, and improve the quality of vetting data. TSA concurred with all six recommendations and based on information provided in their response to the draft report, we consider all six recommendations open and resolved.

(OIG-15-98 (Redacted), June 2015, ITA)

***USCIS' Issuance of 3-year Employment Authorization Documents Following a Federal District Court Injunction***

In response to a request from DHS Secretary Johnson, we reviewed the circumstances of USCIS' issuance of 3-year Employment Authorization

Documents (EAD) after the Federal District Court's preliminary injunction of February 16, 2015. We did not find any evidence that the production and subsequent mailing of 3-year EADs related to Deferred Action for Childhood Arrivals, which had been held from February 17 through February 19, 2015, was done in defiance of the Federal District Court's injunction. We determined that a combination of factors led to the production and mailing of about 2,000 of these 3-year EADs. USCIS Service Center Operations Directorate (SCOPS) management was not specific in its direction to USCIS Office of Information Technology (IT) staff. In addition, SCOPS management was mistaken in its assumptions about what IT staff was able to do or had done in halting production of the 3-year EADs. Finally, within IT, we concluded there was a lack of understanding about the consequences of actions taken related to release of the EADs that had been held. USCIS could not provide reliable data on the actual number of EADs held that were subsequently produced and mailed. USCIS also continued to discover EADs that were produced or issued after the injunction but not included in the 2,128 originally identified. Therefore, we could not validate the number of 3-year EADs produced or issued after February 16, 2015.

(OIG-15-122, August 2015, I&E)

***(U) Covert Testing of the Transportation Security Administration's Passenger Screening Technologies and Processes at Airport Security Checkpoints***

TSA conducts or oversees passenger checkpoint screening at 450 federalized airports. Passengers are inspected through passenger checkpoint screening, to deter, detect, and prevent explosives, incendiaries, weapons, or other security threats from entering sterile areas of an airport or getting onboard an aircraft. As threats to transportation security evolved, TSA needed a screening technology to detect nonmetallic threats. TSA developed Advanced Imaging Technology (AIT) to screen passengers for both metallic and nonmetallic threats concealed under clothing—without physical contact. In 2013, TSA equipped

all AIT with Automated Target Recognition software, which displays a box around anomalies on a generic outline of a body. Our objective was to determine the effectiveness of TSA's AIT, Automated Target Recognition software, and checkpoint screener performance in identifying and resolving anomalies and potential security threats at airport checkpoints. The compilation of the number of tests conducted, names of the test airports, and quantitative and qualitative results of our testing is classified or designated as Sensitive Security Information. We have shared the information with the Department, TSA, and appropriate congressional committees. TSA concurred with our findings and recommendation that when implemented should strengthen the effectiveness of identifying and resolving security threats at airport checkpoints.

(OIG-15-150, September 2015, OA)

## **INVESTIGATIONS**

### ***Group Conspires to Sell Fraudulent Immigration Documents***

We investigated allegations that an unknown ICE employee was selling immigration documents to members of the public. We found that no DHS employee was involved; however, we identified nine members of the public who conspired to produce and sell fraudulent documents to secure immigration benefits for illegal aliens.

Six individuals were sentenced during this reporting period. One individual was sentenced to 65 months' imprisonment and ordered to forfeit \$45,850. The second individual was sentenced to 48 months' imprisonment and ordered to forfeit \$21,710. The third individual was sentenced to 6 months' imprisonment. All three were sentenced to 2 years' supervised release following their incarceration. Three other individuals were sentenced to 2 years' probation, with two of the individuals fined \$2,500 each. The remaining three individuals were sentenced during the previous reporting period. This investigation was conducted jointly with ICE Homeland Security Investigations (HSI) and USCIS.



### ***Customs and Border Protection Officer Murders Wife***

We investigated a Customs and Border Protection Officer for murdering his wife during a domestic dispute. He was sentenced to 50 years' imprisonment. This was investigated by a local police department with our support and the support of CBP Internal Affairs.

### ***Border Patrol Agent Entices 14 Year Old to Produce Child Pornography***

We investigated a Border Patrol Agent (BPA) for child pornography and found he sent pornographic photographs of himself to a 14-year-old girl and caused her to send him pornographic images of herself. He was convicted of possessing child pornography and sentenced to 30 months' incarceration, 5 years' supervised release, and required to register as a sex offender. This was a joint investigation with ICE HSI and a local police department.

### ***BPA Harbors Undocumented Alien***

We investigated a BPA for harboring an undocumented alien. We found the BPA met with the woman in his patrol vehicle while on duty. He was sentenced to 24 months' imprisonment, 3 years' supervised release, and fined \$5,000. This investigation was conducted jointly with the Federal Bureau of Investigation (FBI) and CBP Internal Affairs.

### ***Alien Smuggler Assaults BPAs***

We investigated the circumstances in which two BPAs discharged their firearms at a vehicle after a vehicle pursuit. We found that the BPAs fired their weapons after the driver attempted to run over one of the BPAs to avoid arrest for alien smuggling. The driver was charged with assault and smuggling. He was sentenced to 15 months' imprisonment followed by 3 years of supervised release.

### ***Three Sentenced for Narcotics Trafficking***

We previously investigated an ICE Deportation Officer for his reported association with a member of a transnational criminal organization. This investigation identified three members of the public

who were involved in narcotics trafficking. Two of the individuals were sentenced to 135 months' imprisonment and 5 years' supervised release. The third individual was sentenced to 63 months' imprisonment and 2 years of supervised release. This investigation was conducted jointly with ICE HSI.

### ***ICE Contract Security Guard Coordinates Smuggling Attempt***

We investigated an ICE contract security guard for recruiting two members of the public to smuggle drugs through a pedestrian lane at a port of entry. We found that he coordinated the attempted smuggling. He was sentenced to 24 months' imprisonment and 36 months of supervised release. This investigation was conducted jointly with ICE HSI and the FBI.

### ***Shots Fired at ICE Agents***

We investigated an incident in which an ICE agent discharged his weapon and wounded a member of the public during a multi-agency law enforcement operation. We found that the individual fired shots at ICE agents and the ICE agent's response was justified. The individual who fired upon the agents was sentenced to 96 months' imprisonment and 5 years' supervised release. This investigation was conducted jointly with the FBI.

### ***TSA Officer Preys upon 14 Year Old***

We investigated a TSA Officer for transporting a 14-year old with the intent to commit sexual acts. He was sentenced to 188 months' imprisonment followed by 120 months' supervised release.

### ***Secret Service Task Force Officer Assists Drug Traffickers***

We investigated a local police officer assigned to a Secret Service task force for providing law enforcement sensitive information to drug traffickers. He was sentenced to 2 months' imprisonment, 2 years' supervised release, and fined \$1,500. This investigation was conducted jointly with the FBI.

## SECURING CYBERSPACE AND INFORMATION TECHNOLOGY ASSETS

### MANAGEMENT ADVISORY

#### ***Investigation into the Improper Access and Distribution of Information Contained Within a Secret Service Data System***

We investigated the improper access and distribution of information contained within a Secret Service data system after receiving referrals from the DHS Secretary, the Secret Service, and staff from the Committee on Oversight and Government Reform. Our investigation revealed that a Secret Service database containing sensitive personally identifiable information (SPII) pertaining to Congressman Jason Chaffetz, Chairman of the House Committee on Oversight and Government Reform, was accessed on approximately 60 occasions by 45 Secret Service employees by the time the information was published in the media on April 2, 2015. By our analysis, only four employees had an arguably legitimate need to access the information, and the other employees did so in violation of the *Privacy Act*, DHS policy, and Secret Service policy. We identified numerous supervisors who appeared to have known or should have known that Chairman Chaffetz' personal information was being improperly accessed. We also found that insufficient actions were taken to ensure that the incident was stopped or remediated, and that Secret Service management failed to effectively react and prevent or mitigate the damage caused by the incident.

(No Report Number Issued, September 2015, INV)

### REPORTS

#### ***United States Coast Guard Safeguards for Protected Health Information Need Improvement***

We determined that USCG has made progress in developing a culture of privacy that protects SPII and protected health information (PHI) and ensures compliance with the *Privacy Act of 1974*, as amended, the *Health Insurance Portability and Accountability Act of 1996* (HIPAA), and

other privacy and security laws and regulations. However, USCG faces challenges in protecting privacy data effectively because it lacked a strong organizational approach to resolving privacy issues. We recommended that USCG: (1) establish a formal mechanism to ensure communication between the USCG Privacy Officer and the HIPAA Privacy and Security Official for enhanced privacy oversight and reporting; (2) ensure consistent instructions for managing the health records retention and disposal; (3) prepare a plan of action and milestones to ensure that USCG has complete contingency planning for safeguarding privacy data in the event of emergency or disaster; (4) prepare a plan of action and milestones to periodically review physical safeguards to mitigate risks to SPII and PHI at clinics; and (5) prepare a plan of action and milestones to improve internal controls for the merchant mariner credentialing program and processes to ensure protection of privacy data. USCG concurred with all five recommendations and has provided documentation resulting in the closure of one recommendation; the other four are resolved and open. (OIG-15-87, May 2015, ITA)

#### ***Enhancements to Technical Controls Can Improve the Security of CBP's Analytical Framework for Intelligence***

We determined that CBP has made significant progress in implementing Analytical Framework for Intelligence (AFI). CBP fully deployed AFI on schedule and within budget, and has taken measures to secure the system from unauthorized access. In addition, CBP developed a privacy impact assessment to ensure that privacy considerations for operating AFI were addressed throughout system deployment. Since deployment, system users have provided positive feedback to the component about AFI's functionality and usefulness. Despite these positive steps, we identified deficiencies that the component must address to further secure the system. For example, we identified vulnerabilities in CBP's configuration of AFI servers and applications, management of administrative accounts, contingency planning process, and plan of action and milestone process.

We recommended that CBP address deficiencies identified in AFI configuration settings and system documentation. CBP concurred with all seven of our recommendations. CBP also provided documentation resulting in the resolution and closure of the seven recommendations. (OIG-15-137, September 2015, ITA)

### ***DHS Can Strengthen Its Cyber Mission Coordination Efforts***

We determined that Department components have strengthened coordination in performing their cyber missions. For example, ICE and the Secret Service have enhanced relationships with the National Protection and Programs Directorate (NPPD) National Cybersecurity and Communications Integration Center to improve information sharing and coordination on incident response and investigation. Despite these positive steps, the Department can take additional actions to improve its cyber mission coordination. We recommended that the Department develop a cyber strategic implementation plan, establish a cyber training program, and develop an automated cyber information sharing tool. Moreover, we recommended that ICE and the Secret Service address the information security deficiencies identified in their implementation of DHS baseline configuration settings, vulnerability management, weakness remediation, and specialized security training. We made nine recommendations to ICE, Office of Policy, and the Secret Service. The Department concurred with all nine recommendations and provided documentation resulting in the resolution of recommendations 1–5, 7, and 9. These recommendations will remain open until all planned corrective actions are completed. Recommendations 6 and 8 are unresolved and will remain open until the Department provides sufficient information about its planned corrective actions and those actions are completed. (OIG-15-140, September 2015, ITA)

### ***Review of DHS' Information Security Program for Intelligence Systems for Fiscal Year 2015***

We evaluated DHS enterprise-wide security program for Top Secret/Sensitive Compartmented Information intelligence systems. Pursuant to the *Federal Information Security Management Act*, as amended, we reviewed the Department's security program, including its policies, procedures, and system security controls for enterprise-wide intelligence systems. This report was issued to the Office of the Inspector General of the Intelligence Community. Since our 2014 evaluation, DHS' Office of Intelligence and Analysis (I&A) has continued to provide effective oversight of department-wide systems and has implemented programs to monitor ongoing security practices. In addition, I&A has begun relocating its intelligence system to a new location to improve network resiliency and support. USCG completed the migration of all its sites that process Top Secret/Sensitive Compartmented Information to a new system that is supported by DHS, the Defense Intelligence Agency (DIA), and USCG. USCG has coordinated with DIA to determine the ownership of this new system. However, USCG must work with DIA to fully delineate agency oversight responsibilities for the new system. In addition, we identified deficiencies in USCG's management and monitoring of the DIA-operated system. This report does not contain any recommendations. (OIG-15-144, September 2015, ITA)

## **INVESTIGATIONS**

### ***TSA Uses Government Computer to Access Child Pornography***

We investigated a Transportation Security Officer who we found possessed child pornography he accessed using an account registered to DHS. He was sentenced to 132 months' imprisonment, 5 years of supervised release, and fined \$5,000. This investigation was conducted jointly with ICE HSI.

## PROMOTING DISASTER RESILIENCE

### REPORTS

#### ***FEMA Provided an Effective Response to the Napa, California, Earthquake***

FEMA provided an effective response to the Napa, California, earthquake for disaster number 4193-DR-CA. FEMA effectively coordinated activities in the heaviest affected communities before the September 11, 2014, declaration; successfully executed the National Response Plan's *Incident Action Planning Guide* to overcome or mitigate operational challenges; and effectively coordinated resources with Federal, California, and local partners while using methods to save costs in several areas. FEMA realized savings because it avoided paying for office space and other operational costs that generally total more than a million dollars for disasters similar in size as the 2014 Napa California earthquake. By February 4, 2015, FEMA had obligated \$3.4 million for the Public Assistance Grant Program and more than \$10.9 million for the Individual Assistance Program. In addition, by deploying staff to assess FEMA's disaster response and recovery activities while they happen, we better position ourselves to identify potential problems before they occur. It also improves the quality of the recommendations we make in other reports designed to improve the disaster assistance program's integrity by preventing applicants from mispending disaster assistance funds. FEMA concurred with our findings and observations. Because we made no recommendations, we consider this report closed. (OIG-15-92-D, May 2015, EMO)

#### ***Corrective Actions Still Needed to Achieve Interoperable Communications***

We conducted a verification review to assess the Department's progress on achieving department-wide interoperable radio communications, which was recommended in our November 2012 report, *DHS' Oversight of Interoperable Communications*, OIG-13-06. After almost 2-1/2 years, DHS components still do not have the ability to communicate effectively on the DHS common channel. Although the Department has initiated

corrective actions, including a draft communications interoperability plan and draft management directives to standardize department-wide radio activities, these documents have not been finalized. Moreover, DHS was unable to provide a timetable for finalizing and disseminating these documents. As a result, DHS continues to lack reliable interoperable communications for emergencies, as well as daily operations and planned events. The inability to communicate effectively during an emergency presents serious risks to the health and safety of the public. To better fulfill its mission and unify its efforts, DHS must prioritize interoperable communications and expedite the implementation of the recommended corrective actions in our *DHS' Oversight of Interoperable Communications* report. Our verification review report did not contain any new recommendations. Since the verification review was conducted in May 2015, DHS has resolved and closed both recommendations in the *DHS' Oversight of Interoperable Communications* report. (OIG-15-97-VR, May 2015, OA)

#### ***FEMA's Initial Response to the 2014 Mudslide near Oso, Washington***

FEMA officials responded effectively and timely to the disaster by quickly deploying personnel and equipment, overcoming significant challenges, implementing disaster-specific policies, providing financial assistance, and coordinating effectively with their disaster-response partners. FEMA officials agreed with our findings and observations. Because we made no recommendations, we consider the report closed. (OIG-15-102-D, June 2015, EMO)

#### ***FEMA's Initial Response to Severe Storms and Flooding in Michigan***

On September 25, 2014, the President declared a major disaster for Macomb, Oakland, and Wayne counties, Michigan, for severe storms and flooding that occurred August 11–13, 2014. Because Wayne County includes the bankrupt City of Detroit, we deployed a DHS OIG Emergency Management Oversight Team to the Joint Field Office in Warren, Michigan. Our objective was to determine whether FEMA's response to the Michigan severe storms and flooding was effective and to evaluate FEMA's actions, resources, and authorities according to Federal regulations

and FEMA guidelines in effect at the time of our field work. We determined that FEMA's initial response to the Michigan severe storms and flooding was effective. FEMA completed all Preliminary Damage Assessments before the declaration; overcame challenges and resource shortfalls; successfully completed resource ordering; and effectively coordinated activities with its Federal, State, and local partners. In addition, our Emergency Management Oversight Team provided FEMA and State officials and potential Public Assistance applicants with relevant and accurate information on Federal regulations, with an emphasis on procurement and contracting requirements. We made no recommendations. (OIG-15-105-D, June 2015, EMO)

***Inspection of FEMA's Regional Offices – Region V***

We determined that Region V did not meet some of the responsibilities related to emergency management. Specifically, Region V did not have policies and procedures in place to provide temporary public transportation during disasters; did not process first-level public assistance appeals in a timely manner; and did not hold mandated meetings so that the Regional Administrator was informed of emergency management issues in the region. We recommended that FEMA develop and maintain procedures to ensure the region is prepared to provide supplemental temporary public transportation and provide training on data integrity and quality assurance to appeals staff. We also recommended that FEMA develop a mechanism to affirmatively communicate changes to the delegated authorities to ensure they are tracked and implemented. FEMA concurred with all five recommendations and has provided documentation resulting in the closure of one recommendation; the other four recommendations are resolved and open. (OIG-15-120, August 2015, OA)

***DHS Needs to Improve Grant Guidance for Public Safety Communications Equipment***

We sought to determine whether DHS grant guidance for the acquisition of public safety communications equipment promotes interoperability. We determined that although DHS does

provide grant guidance, the guidance the Office of Emergency Communications and FEMA issued is unclear, inconsistent, and does not prevent grantees from purchasing non-interoperable equipment. Without clear and consistent interoperability requirements, Federal funds may be used to purchase non-interoperable equipment, risking the lives of first responders and those whom they are trying to assist. We recommended that the Under Secretary for Management ensure that the Office of Emergency Communications and FEMA develop consistent requirements-based language in grant guidance to ensure DHS funds will be used to purchase interoperable emergency communications equipment. We made two recommendations that, when implemented, should improve the Department's grant guidance and therefore improve nationwide interoperability efforts. DHS concurred with both recommendations; one is now closed and the other is considered resolved and open. (OIG-15-124, August 2015, OA)

***Summary and Key Findings of Fiscal Year 2014 FEMA Disaster Grant and Program Audits***

Of the 61 audit reports we issued in fiscal year (FY) 2014, 49 were grant audits and 12 were program audits. Of the 49 grant audit reports we issued, 41 contained 140 recommendations, resulting in potential monetary benefits of \$971.7 million. This amount included \$860.1 million in cost avoidance and unused obligated funding that we recommended FEMA deallocate or deobligate and put to better use. It also included \$111.6 million in questioned costs that we recommended FEMA disallow as ineligible or unsupported. The \$971.7 million in potential monetary benefits represents 28 percent of the \$3.44 billion we audited in FY 2014. The 12 program audits identified an additional \$29.3 million in potential monetary benefits. This year's increase in potential monetary benefits is due in part to unobligated and unused Hazard Mitigation Grant Program (HMGP) funds, ineligible contracting procedures, and insufficient insurance coverage. Our report provides a starting point for FEMA officials to examine regulations, policies, and procedures and assess the need for changes based on the recurring nature of our findings. In addition, we recommended that FEMA advise its Regional

Administrators to request FEMA grantees to provide a copy of our *Audit Tips for Managing Disaster-Related Project Costs* to every Public Assistance and HMGP applicant. (OIG-15-146-D, September 2015, EMO)

## IMPROVING MANAGEMENT STEWARDSHIP AND COMBATING FRAUD, WASTE AND ABUSE

### MANAGEMENT ALERT AND ADVISORIES

#### *Follow-up to Management Alert — U.S. Immigration and Customs Enforcement’s Facility, San Pedro, California*

We identified serious safety issues at ICE’s San Pedro facility and issued a Management Alert that contained a recommendation to vacate the building until ICE corrected all safety issues. In response, ICE personnel vacated the facility within 48 hours of receiving our report. We followed up on the Management Alert to determine ICE’s long-term plan for, and how much it spent on, the facility. Although ICE is taking action to repair the identified safety issues, we have concerns regarding ICE’s process to renovate this facility. ICE did not develop a long-term plan for the facility and renovated the first floor by performing several small projects. We determined that ICE will have spent \$6 million on a mostly unused and unoccupied facility to repair safety issues, remediate mold, and convert part of the first floor to office space. We made one recommendation that the Executive Director, Office of Asset and Facilities Management, develop a long-term plan for this facility before spending any more money on renovations beyond the current life safety repairs identified in the Management Alert. ICE concurred with our recommendation, and it is open and resolved. (OIG-15-112, July 2015, OA)

#### *TSA’s Failure to Address Two Recommendations to Improve the Efficiency and Effectiveness of Its Office of Inspection*

We notified TSA that its actions to address two open recommendations in our report *Transportation Security Administration Office of Inspection’s Efforts to Enhance Transportation Security*, OIG-13-123, September 2013, were not sufficient. We determined that despite awarding a contract for more than \$330,000, TSA’s actions do not meet the intent of our recommendations. TSA contracted with a company to conduct a workforce analysis of its OOI but did not require that a position classification review of this office be conducted as we originally recommended. We also identified significant issues with the nature of the work performed. For example, the contractor did not (1) consider that some of the office’s work may be performed by noncriminal investigators at a lower cost, (2) validate TSA-provided data, and (3) review specific cases to verify the types of cases performed and assess the complexity of these cases. Additionally, the contractor’s conclusion that OOI does not have the appropriate number of criminal investigators is based on future scenarios that include work we believe could be performed by noncriminal investigative personnel. We did not make any recommendations.

(No Report Number Issued, July 2015, OA)

#### *Management Advisory on Department of Homeland Security Components’ Reporting of Conference Spending*

We reviewed whether, from October 1, 2013, to December 31, 2014, DHS components reported conference expenses to our office and the public as required. During this time period, DHS components reported 28 (15 percent) of 187 conferences they were required to report to our office; of the 28, 2 (7 percent) were reported within the required 15 days. Based on conference expenses reported in the first quarter of FY 2015, the components’ compliance with the reporting requirement is improving—the percentage of conferences reported rose from 13 percent in FY 2014 to 30 percent in the first quarter of FY 2015. For all but one conference with expenses

exceeding \$100,000, DHS published conference expenditures on its website as required, but the public could not easily access this information. We made three recommendations to improve DHS components' required reporting of conferences to our office and the public. DHS concurred with these recommendations and took responsive action. We consider all three recommendations closed. (OIG-15-121-MA, August 2015, I&E)

## REPORTS

### ***FEMA Should Disallow \$82.4 Million of Improper Contracting Costs Awarded to Holy Cross School, New Orleans, Louisiana***

Holy Cross School (Holy Cross) received an award of \$89.3 million from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness, a FEMA grantee, for damages resulting from Hurricane Katrina, which occurred on August 29, 2005. Holy Cross did not comply with Federal procurement regulations and FEMA guidelines in awarding \$84.6 million for 21 disaster related contracts. Holy Cross awarded the majority of contracts without adequate competition, and six were prohibited cost-plus-a-percentage-of-cost contracts. Although Federal regulations strictly prohibit the cost-plus-a-percentage-of-cost method of contracting we did not question them for being prohibited because we questioned all of the prohibited contracts except the one exigent contract for being noncompetitive. However, we did question \$99,144 of markups on the one cost-plus-a-percentage-of-cost contract awarded during exigent conditions. These findings occurred in part because Louisiana, as the grantee, did not adequately monitor Holy Cross' subgrant activities to ensure compliance with Federal procurement standards. As a result, we recommended that FEMA disallow \$82,360,247 of ineligible contract costs. FEMA concurred with our findings but disagreed with our recommendation to disallow the ineligible contract costs. FEMA provided an action plan to review costs to determine whether they are reasonable resulting in the resolution of the recommendation. We are reviewing the documentation FEMA provided. (OIG-15-65-D, April 2015, EMO)

### ***South Carolina Department of Transportation Has Adequate Policies, Procedures, and Business Practices to Effectively Manage Its Public Assistance Grant Funding***

The South Carolina Department of Transportation (Department) expects to claim about \$165.2 million in FEMA Public Assistance grant funds for debris removal activities associated with a severe storm in February 2014. We conducted this audit early in the Public Assistance process to identify areas where the Department may need additional technical assistance or monitoring to ensure compliance with Federal requirements. We found that the Department generally has adequate policies, procedures, and business practices to effectively manage its FEMA Public Assistance grant funding. Because we did not identify any issues requiring further action from FEMA, we consider the report closed. (OIG-15-66-D, April 2015, EMO)

### ***The Port Authority of New York and New Jersey's Recently Updated Policies, Procedures, and Business Practices Should Be Adequate to Effectively Manage FEMA Public Assistance Grant Funds***

At the time of audit field work, the Port Authority of New York and New Jersey (Port Authority) had requested an estimated \$213 million in Public Assistance funding from the New York State Division of Homeland Security and Emergency Services (New York) and the New Jersey Office of Emergency Management (New Jersey), FEMA grantees, for damages resulting from Hurricane Sandy, which occurred on October 29, 2012. We conducted this audit early in the Public Assistance process to identify areas where the Port Authority may need additional technical assistance or monitoring to ensure compliance with Federal requirements. We found that the Port Authority generally has adequate policies, procedures, and business practices to effectively manage its FEMA Public Assistance grant funding. We recommended that the Regional Administrator, FEMA Region II, direct New York and New Jersey, as grantees, to continuously monitor the Port Authority's subgrant activity to ensure the Port Authority adheres

to the policies and procedures it established for FEMA-funded work, which should ensure that the Port Authority will avoid misspending any of the \$213 million of Public Assistance funding. FEMA concurred with our recommendation resulting in the resolution and closure of the recommendation. (OIG-15-67-D, April 2015, EMO)

***FEMA Misapplied the Cost Estimating Format Resulting in an \$8 Million Overfund to the Port of Tillamook Bay, Oregon***

FEMA officials did not use the Cost Estimating Format correctly in estimating damages to the Port's railroad. Specifically, FEMA did not follow applicable laws, regulations, and guidelines because it used improper assumptions in calculating estimated project costs using the Cost Estimating Format. As a result, FEMA overstated the Port's construction (base) and non-construction costs, which resulted in FEMA overfunding Alternate Project 936 by \$8,021,884.

We recommended that FEMA: (1) disallow \$1,026,876 in ineligible duplicated funding; (2) disallow \$2,700,309 in ineligible excessive labor and equipment costs; (3) disallow \$3,862,708 in ineligible costs caused by overstated cost estimates; (4) disallow \$431,992 in overstated contractor's overhead and profit; and (5) direct FEMA to more closely scrutinize assumptions used to estimate costs. (OIG-15-89-D, April 2015, EMO)

***FEMA Should Recover \$2.75 Million of \$16.9 Million of Public Assistance Grant Funds Awarded to Borough of Seaside Heights, New Jersey***

The Borough of Seaside Heights, New Jersey, (Borough) received an award of \$16.9 million from the New Jersey Office of Emergency Management (New Jersey), a FEMA grantee, for damages resulting from Hurricane Sandy, which occurred in October 2012. The award provided 90 percent FEMA funding for debris removal activities, emergency protective measures, and permanent repairs to roads and bridges, electrical restoration, and parks and recreation. We reviewed costs totaling \$14.7 million. Although the Borough accounted for FEMA funds on a project-by-project

basis, we identified \$2,038,893 of unneeded project funding that FEMA should deobligate and put to better use. In addition, the Borough did not comply with Federal procurement standards in awarding contracts for disaster work and claimed \$712,657 of questionable costs, which consisted of unsupported, unauthorized, and ineligible project costs, as well as costs covered by insurance. We made nine recommendations to the Regional Administrator, FEMA Region II, for recovering the questioned costs and improving New Jersey's grant management activities, all of which have been resolved and closed.

(OIG-15-90-D, May 2015, EMO)

***The City of Atlanta, Georgia, Effectively Managed FEMA Public Assistance Grant Funds Awarded for Severe Storms and Flooding in September 2009***

The City of Atlanta, Georgia, (City) received an award of \$13.5 million (net of Insurance and other adjustments) from the Georgia Emergency Management Agency (Georgia), a FEMA grantee, for damages resulting from severe storms and flooding that occurred in September 2009. The award provided 75 percent FEMA funding for debris removal activities, emergency protective measures, and permanent repairs to roads and other facilities. We limited our audit to projects totaling \$849,851 (net of insurance) because of pending litigation the City had against its insurance provider for \$11.2 million of disaster-related damages the award covered. For the projects we reviewed, we found that the City properly accounted for FEMA Public Assistance grant funds according to Federal regulations and FEMA guidelines. Because the audit did not identify any issues requiring further action of FEMA, we consider this report closed.

(OIG-15-96-D, May 2015, EMO)

***Boulder County, Colorado, Has Adequate Policies and Procedures to Manage Its Grant, but FEMA Should Deobligate about \$2.5 Million in Unneeded Funds***

Boulder County (County), Colorado, has adequate policies and procedures to manage its grant, but FEMA should deobligate about \$2.5 million in



unnneeded funds for disaster number 4145-DR-CA. The County completed two large projects below the original estimated budget, and about \$2.5 million remains obligated. FEMA, after reconciling obligated dollars to actual incurred costs, should deobligate the unnneeded funds ahead of the large project closeout phase and put those funds to better use. We recommended that FEMA Region VIII Administrator deobligate \$2,483,162 (Federal share \$1,862,372) the County no longer needs to complete projects 968 and 1088, and put those funds to better use. FEMA concurred with our recommendation and has provided documentation resulting in the resolution and closure of the one recommendation.

(OIG-15-99-D, June 2015, EMO)

#### ***Audit Tips for Managing Disaster-Related Project Costs***

This report was issued to assist recipients and subrecipients (grantees and subgrantees) of FEMA disaster grants. We provide information on FEMA's alternative procedures under the *Sandy Recovery Improvement Act of 2013* (P.L. 113-2). We also added information about Title 2 CFR Part 200: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which applies to all FEMA awards made on or after December 26, 2014. This report provides an overview of DHS OIG responsibilities; applicable disaster assistance Federal statutes, regulations, and guidelines; the audit process and frequent audit findings; and key points to remember when administering FEMA grants. Using this report will assist Disaster Assistance applicants to (1) document and account for disaster-related costs, (2) minimize the loss of FEMA disaster assistance funds, (3) maximize financial recovery, and (4) prevent fraud, waste, and abuse of disaster funds.

(OIG-15-100-D, June 2015, EMO)

#### ***The Chippewa Cree Tribe of the Rocky Boy's Indian Reservation in Montana Mismanaged \$3.9 Million of FEMA Disaster Grant Funds***

The Chippewa Cree Tribe of the Rocky Boy's Indian Reservation in Montana mismanaged \$3.9 million of FEMA disaster grant funds, for

disaster number 1922-DR-MT. The Tribe did not account for and expend FEMA Public Assistance grant funds for Project 117 according to Federal regulations and FEMA guidelines. Specifically, the Tribe disregarded Federal procurement standards by awarding a \$3.7 million sole-source contract to a Tribal-owned corporation, the Chippewa Cree Construction Corporation (Corporation), and did not maintain a financial management system sufficient to meet Federal standards. Further, the Tribe neglected its duties as grantee to (1) administer and monitor grant activities and (2) maintain effective controls over and accountability for Federal funds. The Tribe's mismanagement of this grant resulted in a domino effect of negative consequences. First, full and open competition did not occur, which set the stage for fraud, waste, and abuse. Then, the Tribe neglected to identify the material deficiencies in the Corporation's fiscal controls and accounting procedures. The Corporation's Chief Executive Officer took advantage of these weaknesses, and a Federal court has since convicted him of Federal corruption charges for embezzling the Tribe's insurance proceeds and FEMA grant funds and sentenced him to prison in August 2014. Finally, the Tribe could not provide documentation sufficient to support the \$3.9 million it claimed for Project 117. Evidence indicates that these significant grant management problems may have also negatively affected the Tribe's other projects, especially considering that the Tribe used the same contractor, the Corporation, for other disaster work.

We recommended that FEMA disallow the total costs claimed of \$3,892,073; provide technical assistance to the Tribe to improve its grant management capabilities; initiate Suspension and Debarment procedures for the Chief Executive Officer of the Corporation and his associates convicted of Federal corruption charges for embezzling Tribal insurance proceeds and FEMA grant funds; and designate the Tribe as a high-risk grantee and impose restrictions. We plan to audit additional projects that comprise the Tribe's total gross award of \$31.6 million.

(OIG-15-101-D, June 2015, EMO)

***The City of Rocky Mount, North Carolina, Effectively Managed FEMA Public Assistance Grant Funds Awarded for Hurricane Irene Damages***

The City of Rocky Mount, North Carolina, (City) received an award of \$5.4 million (net of insurance) from the North Carolina Division of Emergency Management Agency (North Carolina), a FEMA grantee, for 2011 Hurricane Irene damages. The award provided 75 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to roads and other facilities. We audited six projects totaling \$5.3 million (net of insurance). For the projects we reviewed, the City properly accounted for and expended FEMA Public Assistance grant funds according to Federal requirements. Because the audit did not identify any issues requiring further action from FEMA, we consider this report closed. (OIG-15-103-D, June 2015, EMO)

***FEMA Should Recover \$337,135 of Ineligible or Unused Grant Funds Awarded to the Port of Tillamook Bay, Oregon***

The Port of Tillamook Bay, Oregon (Port) properly accounted for FEMA funds, but did not always expend the funds according to Federal regulations and FEMA guidelines. Of the \$1,886,343 we reviewed, \$248,851 was ineligible, including: \$135,000 in duplicate benefits; \$102,120 in excessive locomotive costs; \$9,712 in excessive fringe benefit costs; and \$2,019 in excessive equipment costs. In addition, FEMA mistakenly obligated \$88,284 because of a mathematical error. Although the Port timely informed the Oregon Governor's Office of Emergency Management (Oregon), a FEMA grantee, of the error, Oregon took an inordinate amount of time to address the issue. We recommended that FEMA: (1) disallow \$135,000 in ineligible costs that duplicated insurance benefits; (2) direct Oregon to instruct its subgrantees to pursue all insurance proceeds to reduce the subgrantees' disaster assistance claim; (3) disallow \$102,120 on three projects because the Port claimed equipment costs that exceeded the authorized amount; (4) deobligate \$88,284 that FEMA mistakenly obligated and put those funds

to better use; (5) direct Oregon to timely account for and submit all claimed subgrantee costs and communicate to FEMA any necessary obligation adjustments; (6) disallow \$9,712 in excessive fringe benefit costs; (7) instruct Oregon to direct its subgrantees to justify their fringe benefits rates and (8) disallow \$2,019 in overstated equipment costs claimed for Project 912. (OIG-15-104-D, June 2015, EMO)

***Dixie Electric Membership Corporation, Greenwell Springs, Louisiana, Generally Accounted For and Expended FEMA Grant Funds Properly***

Dixie Electric Membership Corporation (Dixie Electric) received an award of \$9.2 million from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (Louisiana) a FEMA grantee, for damages resulting from Hurricane Isaac, which occurred on August 29, 2012. Dixie Electric generally accounted for and expended FEMA Public Assistance grant funds according to Federal requirements; however, it did not always comply with Federal procurement standards in awarding 10 contracts for disaster work totaling \$4.4 million. We questioned only \$21,740 in markups for noncompliance, because contractors performed most of the work under exigent circumstances to restore power. Additionally, we determined that Dixie Electric inadvertently claimed \$15,292 of ineligible contract costs resulting from an overbilling. Further, FEMA should adhere to its standard operating procedures for closeout and require Louisiana to submit final closeout documentation to FEMA as soon as possible for all of Dixie Electric's projects. We recommended that FEMA disallow \$21,740 of ineligible contract costs for prohibited markups and \$15,292 of ineligible contract costs resulting from an overbilling, and direct Louisiana to submit final closeout documentation to FEMA within 12 months of this report. FEMA concurred with two of our three recommendations. FEMA did not concur with one recommendation but has provided documentation resulting in the resolution and closure of all three recommendations. (OIG-15-106-D, June 2015, EMO)

***Kansas and the Unified School District #473 in Chapman, Kansas, Did Not Properly Administer \$50 Million of FEMA Grant Funds***

Unified School District #473 Chapman (Chapman) received an award of \$65.2 million from the Kansas Division of Emergency Management (Kansas), a FEMA grantee, for damages resulting from severe storms, tornadoes, and flooding that occurred May 22, through June 16, 2008. Chapman did an outstanding job reopening schools by August 18, 2008, under exigent circumstances. However, Chapman did not comply with Federal procurement regulations and FEMA guidelines in awarding contracts valued at \$50 million. In addition, Chapman included \$285,727 of duplicate material and contract costs in their claim. While we did not recommend disallowance of the \$50 million in contract costs, we did question the \$285,727 in ineligible duplicate material and contract costs and recommended that FEMA disallow these costs. We also recommended that FEMA direct Kansas to instruct Chapman to comply with Federal grant administrative requirements for procurement in future disasters. FEMA officials agreed with our findings and recommendations and have provided sufficient information to resolve and close all three of our recommendations.

(OIG-15-109-D, June 2015, EMO)

***Lawrence County Engineer, Ohio, Generally Accounted For and Expended FEMA Grant Funds Properly***

Lawrence County Engineer (Lawrence) received an award of \$7.5 million from the Ohio Emergency Management Agency, a FEMA grantee, for damages caused by severe storms, and flooding that occurred April 4, to May 15, 2011. Lawrence generally accounted for and expended FEMA grant funds according to Federal requirements. However, Lawrence did not follow all Federal procurement standards in awarding 17 contracts totaling \$4.5. Lawrence awarded contracts totaling \$4.5 million without taking all required affirmative steps to ensure the use of small and minority firms, women's business enterprises, and labor surplus area firms when possible and did not include all required contract provisions. Although Lawrence did not take the required affirmative

steps, Lawrence did contract with a woman-owned and operated business for \$1.0 million of the \$4.5 million in contracts awarded. Additionally, even though Lawrence did not include all required provisions in its contracts, Lawrence's contractors performed adequately and billed for their work appropriately. Therefore, we did not question any costs related to these findings because we did not identify any material negative effects from the noncompliance with the two standards. Because the audit did not identify any issues or recommendations requiring further action from FEMA, we consider this report closed.

(OIG-15-110-D, June 2015, EMO)

***FEMA Should Recover \$4.85 Million of Ineligible Grant Funds Awarded to Oklahoma City, Oklahoma***

Oklahoma City (City) received an award of \$9.8 million from the Oklahoma Department of Emergency Management, a FEMA grantee, for damages resulting from severe storms and tornadoes, which occurred May 18, through June 2, 2013. The City did not always account for and expend FEMA grant funds according to Federal regulations and FEMA guidelines. The City claimed contract costs totaling \$4.85 million without taking the required affirmative steps to ensure the use of small and minority firms, women's business enterprises, and labor surplus area firms when possible. As a result, FEMA has no assurance that these types of firms had sufficient opportunities to bid on Federal work as Congress intended. The City's claim also included \$8,050 of ineligible cost caused by accounting errors. FEMA should disallow \$4.85 million of ineligible costs. These findings occurred, in part, because Oklahoma Department of Emergency Management did not take a more proactive role in monitoring the City's contracting activities.

(OIG-15-111-D, June 2015, EMO)

***FEMA Should Disallow Over \$4 Million Awarded to Mountain View Electric Association, Colorado, for Improper Procurement Practices***

FEMA should disallow over \$4 million awarded to Mountain View Electric Association, Colorado, (Association) for improper procurement practices, for disaster number 4134-DR-CO. The Associa-

tion did not always account for and expend FEMA Public Assistance grant funds in accordance with Federal regulations. Specifically, the Association did not follow all applicable Federal procurement standards in awarding two contracts for FEMA approved work valued over \$4 million for utility repairs and debris removal. As a result, FEMA has no assurance that costs were reasonable or that disadvantaged firms had sufficient opportunities to bid on Federal work as Congress intended. In addition, the lack of open and free competition increased the risk of favoritism, collusion, fraud, waste, and mismanagement of Federal resources. Therefore, FEMA should disallow over \$4 million in contract costs claimed as ineligible for Federal funding, unless FEMA decides to grant the Association an exception for all or part of the ineligible contract costs. Specifically, the Association (1) did not conduct procurement transactions in a manner providing open and free competition for one contract under Project 03; (2) did not take specific steps to use small businesses, minority firms, and women's business enterprises, whenever possible for both contracts; and (3) did not establish written procurement policies and procedures as Federal procurement standards require.

The findings in this report occurred in part because Colorado did not fulfill its grantee responsibilities to manage day-to-day operations of the Association's subgrant activities and did not notify the Association of its responsibility to follow Federal procurement regulations.

We recommended that FEMA Acting Region VIII Administrator (1) disallow \$4,010,222 (Federal share \$3,007,666) as ineligible contract costs, unless FEMA grants an exception for all or part of the costs as provided for in 44 CFR 13.6(c) and determines that the contract costs are reasonable; and (2) direct Colorado, as grantee, to provide the Association any additional technical assistance it may need to comply with all applicable Federal regulations, specifically procurement standards. During our audit, FEMA generally concurred with our two recommendations. (OIG-15-113-D, July 2015, EMO)

***FEMA Should Recover \$9.3 Million of Ineligible and Unsupported Costs from Fox Waterway Agency in Fox Lake, Illinois***

Fox Waterway Agency (Fox Waterway) received an award of \$9.4 million from Illinois Emergency Management Agency (Illinois), a FEMA grantee, for damages resulting from severe storms and flooding during April and May 2013. Fox Waterway did not account for and expend FEMA grant funds according to Federal regulations and FEMA guidelines. Fox Waterway officials could not tell us how much they had spent on disaster-related work or provide adequate and complete documentation supporting their expenditures. In addition, the deadlines for completing work had expired for all projects, rendering all incomplete work ineligible for FEMA funding. As a result, neither we nor FEMA can verify whether costs were valid and reasonable or whether most work was eligible had Fox Waterway completed it on time. We recommended that FEMA disallow \$8,230,969 as ineligible costs and \$1,136,218 as unsupported costs and direct Illinois to work with Fox Waterway to correct the deficiencies we identified in this report. Also, FEMA and Illinois should consider Fox Waterway a "high risk" subgrantee and impose special conditions on any future grant awards.

(OIG-15-114-D, July 2015, EMO)

***Montgomery County, Maryland, Effectively Managed FEMA Public Assistance Grant Funds Awarded for Severe Storms during June and July 2012***

Montgomery County, Maryland, (County) received a Public Assistance award of \$8.2 million from the Maryland Emergency Management Agency (Maryland), a FEMA grantee, for damages resulting from severe storms during June and July 2012. The award provided 75 percent FEMA funding for debris removal and emergency protective measures. We audited two projects totaling \$8.2 million, or 100 percent of the award. The County generally accounted for and expended Public Assistance grant funds according to Federal requirements. However, we did identify \$36,244 of duplicate equipment costs the County claimed that FEMA should disallow. We recommended

that the Regional Administrator, FEMA Region III, disallow \$36,244 (Federal share \$27,183) of duplicate equipment costs the County claimed to the grant award unless the County provides documentation to show the costs are eligible. (OIG-15-115-D, July 2015, EMO)

***Montgomery County, Maryland, Generally Accounted For and Expended FEMA Public Assistance Grant Funds According to Federal Requirements – Hurricane Sandy Activities***

Montgomery County, Maryland, (County) received a Public Assistance award of \$3.0 million from the Maryland Emergency Management Agency, a FEMA grantee, for damages resulting from Hurricane Sandy in October 2012. The award provided 75 percent FEMA funding for debris removal and emergency protective measures. We audited two projects totaling \$3.0 million, or 100 percent of the award. The County generally accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines. However, we identified ineligible costs totaling \$297,833 that FEMA should disallow. We recommended that the Regional Administrator, FEMA Region III, disallow the \$297,583 (Federal share \$223,188) of questioned costs. (OIG-15-116-D, July 2015, EMO)

***Fiscal Year 2014 Assessment of DHS Charge Card Program Indicates Moderate Risk Remains***

The *Government Charge Card Abuse Prevention Act of 2012* requires OIGs to conduct an annual risk assessment on agency charge card programs. We determined that DHS did not ensure its components established documented procedures to comply with DHS requirements on charge card use. In addition, DHS components did not have sufficient oversight plans to prevent improper use of charge cards. As a result, there is a moderate level of risk that DHS' internal controls will not prevent illegal, improper, or erroneous purchases. We recommended that DHS require components to develop purchase card procedures, implement an oversight plan for purchase and travel cards, and update policy to include penalties for card misuse. We made four recommendations that, when implemented, should improve the Department's

management and use of the purchase and travel card. DHS concurred with all recommendations and indicated it has begun activities to implement the recommendations.

(OIG-15-117, July 2015, OA)

***Pulaski County, Missouri, Could Benefit from Additional Assistance in Managing Its FEMA Public Assistance Grant***

Pulaski County, Missouri, (County) received an award of \$5.8 million for damages resulting from severe storms, including straight-line winds and flooding, that occurred in August 2013.

The County's policies, procedures, and business practices were generally adequate to account for and expend FEMA grant funds according to Federal regulations and FEMA guidelines, except for those related to procurement. The County's procurement policies did not include procedures to take all necessary affirmative steps to assure the use of minority firms, women-owned business enterprises, and labor surplus area firms when possible. As a result, FEMA has no assurance that these types of firms received sufficient opportunities to bid on federally funded work, as Congress intended. The County also did not add required specific provisions to all its contracts, such as those for record retention, legal remedies, prohibition of "kickbacks," and termination for cause.

We recommended that FEMA direct Missouri to provide additional technical assistance and monitoring to the County to ensure compliance with all Public Assistance grant requirements. Missouri's assistance will lessen the risk of to the County losing \$724,525 in Federal funding as a result of noncompliance with Federal contracting requirements. We also recommended that FEMA review Missouri's most current state administrative plan and work with Missouri to ensure it is able to fully perform its responsibilities for managing the Public Assistance program under this and other open federally-declared disasters. FEMA concurred with both of our recommendations and provided documentation resulting in the resolution and closure of both recommendations. (OIG-15-119-D, August 2015, EMO)

***The Jackson County, Mississippi, Board of Supervisors Would Benefit from Technical Assistance in Managing its \$14 Million FEMA Grant Award***

The Jackson County, Mississippi, Board of Supervisors (County) received a Public Assistance grant award of \$14 million from the Mississippi Emergency Management Agency (Mississippi), a FEMA grantee, for damages resulting from Hurricane Isaac, which occurred in August 2012. The award provided 75 percent FEMA funding. We reviewed costs totaling \$13.8 million. At the time of our audit, the County had not established procedures to account for disaster costs on a project-by-project basis, as Federal regulations and FEMA guidelines require. Additionally, although most of the County's contracts complied with Federal procurement standards, the County did not properly procure an architectural and engineering contract totaling \$1.3 million for dredging navigation channels, which resulted in at least \$353,154 of unreasonable costs. Further, the County did not provide opportunities for disadvantaged firms, such as small and minority firms to bid on federally funded work as Congress intended. Lastly, the contract included a clause making payment contingent upon FEMA funding, which Federal cost principles do not allow. We made three recommendations to the Regional Administrator, FEMA Region IV, for recovering \$353,154 of unreasonable costs and improving Mississippi's grant management activities. (OIG-15-123-D, August 2015, EMO)

***Scott County, Minnesota, Physical Development Department Has Adequate Policies, Procedures, and Business Practices to Effectively Manage Its FEMA Public Assistance Grant Funding***

Scott County, Minnesota, Physical Development Department (County) received an award of \$2.6 million from the Minnesota Department of Public Safety, Division of Homeland Security and Emergency Management, a FEMA grantee, for damages resulting from severe storms, flooding, landslides, and mudslides beginning on June 11, 2014, and continuing through July 11, 2014. The County has adequate policies, procedures, and business practices to account for and expend FEMA grant funds according to Federal

regulations and FEMA guidelines. Because the audit did not identify any issues or recommendations requiring further action from FEMA, we consider this report closed.

(OIG-15-125-D, August 2015, EMO)

***The City of Napa, California, Needs Additional Technical Assistance and Monitoring to Ensure Compliance with Federal Regulations***

The City of Napa, California, (City) needs additional technical assistance and monitoring to ensure compliance with Federal regulations, for disaster number 4193-DR-CA. The City has adequate policies, procedures, and business practices to account for Public Assistance grant funds according to Federal regulations and FEMA guidelines. The City can account for disaster costs on a project-by-project basis and is able to support disaster-related costs adequately. Additionally, the City's insurance procedures and practices are adequate to ensure that the City can properly manage anticipated insurance proceeds. The City also has adequate procurement policies and procedures that are consistent with Federal procurement standards. However, the City did not follow Federal procurement standards or its own contracting requirements when it awarded, without competition, a non-emergency grant management contract valued at \$994,224. Therefore, we question \$994,224 as ineligible contract costs. The procurement finding occurred because the City did not follow its own procurement policies and procedures, and California did not ensure that the City fulfilled its responsibility to comply with all Federal procurement regulations.

We recommend that FEMA Region IX Administrator (1) disallow \$994,224 (Federal share \$745,668) of ineligible contract costs the City plans to claim for professional grant management services unless FEMA grants an exception for all or part of the costs as 44 CFR 13.6(c) allows and determines that the contract costs are reasonable; (2) direct California to monitor the City's performance to ensure compliance with Federal procurement standards; and (3) direct California, as grantee, to provide the City any additional technical assistance it may need to comply with all applicable Federal procurement standards. (OIG-15-126-D, August 2015, EMO)

***Jefferson Parish, Louisiana, Generally Accounted For and Expended FEMA Grant Funds Properly***

The Jefferson Parish, Louisiana, (Parish) received an award of \$18.1 million from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (Louisiana), a FEMA grantee, for damages resulting from Hurricane Isaac, which occurred in August 2012. The Parish generally accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines. However, FEMA obligated \$109,773 for hurricane damages covered by insurance resulting in duplicate funding. In addition, the Parish incorrectly applied FEMA's policy on its own labor costs for emergency work resulting in approximately \$16,177 of ineligible labor costs. After we informed FEMA and Louisiana of our findings, FEMA quickly deobligated the \$109,773 in duplicate funding. Louisiana also reduced the Parish's labor claim by \$16,177. FEMA concurred with all three of our recommendations and has provided documentation resulting in the resolution and closure of all three recommendations. (OIG-15-127-D, August 2015, EMO)

***FEMA's Process for Selecting Joint Field Offices Needs Improvement***

FEMA's selection of the Hurricane Sandy Joint Field Office (JFO) in Lincroft, New Jersey, was not cost effective because FEMA waited until after the hurricane struck and then rushed to a hasty decision. While FEMA's policies and procedures provide disaster response officials flexibility in responding to unique circumstances, FEMA was unprepared to set up a cost-effective JFO in New Jersey. As a result, FEMA exposed the Federal Government to unnecessary costs and delayed JFO operations. By taking advantage of nearby Federal facilities or locating more affordable flexible office space, FEMA might have saved significant Federal disaster funds. Additionally, FEMA could have saved over \$1.5 million by taking corrective actions to reduce lease costs as the size of the disaster response workforce decreased. We recommended that FEMA (1) collaborate with the General Services Administration to select a potential JFO location when a disaster is forecast, as was Hurricane Sandy, and (2) develop JFO operational procedures that effectively downsize the facility

and associated support in a timely manner to reduce costs. We consider both recommendations resolved and open.

(OIG-15-128-D, August 2015, EMO)

***Mankato, Minnesota, Has Adequate Policies, Procedures, and Business Practices to Effectively Manage Its FEMA Public Assistance Grant Funding***

The City of Mankato, Minnesota, (City) received an award of \$939,718 from the Minnesota Department of Public Safety, Division of Homeland Security and Emergency Management, a FEMA grantee, for damages resulting from severe storms and flooding beginning on June 11, 2014, and continuing through July 11, 2014. The City has adequate policies, procedures, and business practices to account for and expend FEMA grant funds according to Federal regulations and FEMA guidelines. Because the audit did not identify any issues or recommendations requiring further action from FEMA, we consider this report closed.

(OIG-15-129-D, August 2015, EMO)

***The City of Kenner, Louisiana, Generally Accounted For and Expended FEMA Grant Funds Properly***

The City of Kenner, Louisiana, (City) received an award of \$5.4 million from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (Louisiana), a FEMA grantee, for damages resulting from Hurricane Isaac, which occurred in August 2012. The City generally accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines. However, the City's claim included \$148,500 of project costs that insurance covered. Federal regulations do not allow such duplicate benefits. As a result, we questioned \$148,500 as ineligible costs that insurance covered. In addition, the City awarded 12 contracts totaling \$3.1 million without taking the required affirmative steps to ensure it used the services of small and minority firms, women's business enterprises, and labor-surplus area firms when possible. FEMA has little assurance that these types of firms had sufficient opportunities to bid on federally funded work. Although the City did not take affirmative

steps that Federal procurement standards require, the City did award more than half of the \$3.1 million in contracts to these firms and otherwise properly procured its disaster-related contracts. Therefore, we did not question these costs. We recommended that FEMA disallow \$148,500 of ineligible costs that insurance covered and direct Louisiana to instruct the City to comply with all Federal procurement regulations in future disaster contracting. (OIG-15-130-D, August 2015, EMO)

***FEMA Should Recover \$21.7 Million of \$376 Million in Public Assistance Grant Funds Awarded to the City of Biloxi, Mississippi, for Hurricane Katrina Damages***

The City of Biloxi, Mississippi, (City) received a Public Assistance grant award of \$376 million from the Mississippi Emergency Management Agency (Mississippi), a FEMA grantee, for damages resulting from Hurricane Katrina, which occurred in August 2005. The award provided 100 percent FEMA funding. We reviewed 22 projects totaling \$376 million. The City generally accounted for FEMA funds properly and complied with Federal regulations, except when awarding a contract totaling over \$21.7 million for managing infrastructure projects. As a result, full and open competition did not always occur, and at least \$8.1 million of the \$21.7 million in contract costs was unreasonable. The nature and extent of ineligible costs we identified demonstrate that Mississippi should have done a better job monitoring the City's grant activities and providing technical assistance to assist the City in improving its procurement policies and procedures for federally funded work. We made three recommendations to the Regional Administrator, FEMA Region IV, to recover \$21,711,231 of ineligible costs and improving Mississippi's grant management activities. (OIG-15-131-D, August 2015, EMO)

***FEMA Should Recover \$1.8 Million of Public Assistance Grant Funds Awarded to the City of Duluth, Minnesota***

The City of Duluth, Minnesota, (City) received an award of \$13.3 million from the Minnesota Department of Public Safety, Division of Homeland Security and Emergency Management,

a FEMA grantee, for damages resulting from severe storms and flooding in June 2012. The City did not always account for and expend FEMA grant funds according to Federal procurement standards in awarding \$3.0 million for 12 contracts—\$1.5 million for 8 non-exigent contracts and \$1.5 million for 4 exigent contracts. The City did not take affirmative steps to solicit small and minority businesses and women's business enterprises, awarded one contract without full and open competition, and awarded one contract that included markups billed on a prohibited cost-plus-percentage-of-cost basis. In addition FEMA did not allocate all the City's insurance proceeds. We recommended that FEMA (1) disallow as ineligible \$1,551,885 of contract costs, (2) complete its insurance review, allocate \$226,601 of unapplied insurance proceeds, and disallow these costs as ineligible; and (3) take steps to educate Minnesota's Department of Public Safety Homeland Security and Emergency Management officials and direct them to work with City officials to ensure their understanding and compliance with the Federal procurement standards. FEMA has taken actions sufficient to resolve and close recommendations 2 and 3. (OIG-15-132-D, August 2015, EMO)

***The Knoxville Utilities Board Effectively Managed FEMA Public Assistance Grant Funds Awarded for Damages from Tornadoes and Severe Storms in June 2011***

The Knoxville Utilities Board (Utility) received a Public Assistance award of \$5.2 million from the Tennessee Emergency Management Agency, a FEMA grantee, for damages from tornadoes and severe storms in June 2011. The award provided 75 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to buildings, electric distribution systems, and other facilities. We audited four projects totaling \$4.3 million. For the projects we reviewed, the Utility properly accounted for and expended FEMA funds according to Federal requirements. Because the audit did not identify any issues requiring further action from FEMA, we consider this report closed. (OIG-15-133-D, August 2015, EMO)



***The Knoxville Utilities Board Effectively Managed FEMA Public Assistance Grant Funds Awarded for Damages from Tornadoes and Severe Storms in April 2011***

The Knoxville Utility Board (Utility) received a Public Assistance award of \$2.7 million from the Tennessee Emergency Management Agency, a FEMA grantee, for damages from tornadoes and severe storms in April 2011. The award provided 75 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to buildings, electric distribution systems, and other facilities. We audited four projects totaling \$2.5 million. For the projects we reviewed, the Utility properly accounted for and expended FEMA funds according to Federal requirements. Because the audit did not identify any issues requiring further action from FEMA, we consider this report closed.  
(OIG-15-134-D, August 2015, EMO)

***Napa County, California, Needs Additional Technical Assistance and Monitoring to Ensure Compliance with Federal Regulations***

Napa County, California's policies and procedures conform to Federal Regulations. However, the County did not follow them when awarding a \$1 million contract for professional services, for disaster number 4193-DR-CA. The County has adequate policies, procedures, and business practices to account for Public Assistance grant funds according to Federal regulations and FEMA guidelines. The County can account for disaster costs on a project-by-project basis and is able to adequately support repair costs. Additionally, the County's insurance procedures and practices are adequate to ensure that the County can properly manage anticipated insurance proceeds. The County also has adequate procurement policies and procedures that are consistent with Federal procurement standards. However, the County did not follow Federal procurement standards or its own contracting requirements when it awarded, without competition, a non-emergency grant management contract valued at \$973,778. Therefore, we question \$973,778 as ineligible contract costs. The procurement findings in this report occurred because the County failed to

follow its procurement policies and procedures and California did not ensure that the County fulfilled its responsibility to comply with all Federal procurement regulations.

We recommend that FEMA Region IX Administrator (1) disallow \$973,778 (Federal share \$730,334) of ineligible contract costs the County plans to claim in professional grant management services, unless FEMA grants an exception for all or part of the costs as provided for in 44 CFR 13.6(c) and determines that the contract costs are reasonable; (2) direct California to monitor the County's performance to ensure compliance with Federal procurement standards; and (3) direct California, as grantee, to provide the County any additional technical assistance it may need to comply with all applicable Federal procurement standards. (OIG-15-135-D, August 2015, EMO)

***FEMA Should Recover \$929,379 of Hazard Mitigation Funds Awarded to St. Tammany Parish, Louisiana***

St. Tammany Parish (Parish) received awards totaling \$15.3 million from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (Louisiana), a FEMA grantee, for the HMGP resulting from four federally declared disasters. We determined that Parish projects generally met FEMA's eligibility requirements and the Parish's project management generally complied with applicable regulations and guidelines. However, the Parish did not always account for and expend grant funds according to Federal regulations and FEMA guidelines. As a result, we question \$929,379 of the \$6.9 million the Parish claimed for completed structures (\$609,271 as ineligible and \$320,108 as unsupported). These findings occurred, in part, because Louisiana has not properly managed its grants. Most significantly, Louisiana had not developed and implemented a comprehensive strategy to close all HMGP projects. In addition, FEMA had not established periods of performance for each approved project. These weaknesses limit Louisiana's ability to manage and monitor the Parish's grant activities.  
(OIG-15-136-D, August 2015, EMO)

***Accurate Reporting and Oversight Needed to Help Manage DHS' Warehouse Portfolio***

The DHS components own and lease warehouses for a variety of reasons, such as storing disaster response and relief supplies, computer equipment, seized assets, and excess property. Although DHS has taken steps to assess its warehouses, it cannot effectively manage its warehouse needs because some of the components misclassify many of their warehouses. We found buildings that should not have been on the Department's warehouse inventory. Conversely, we found buildings that should have been classified as warehouses, but were not. Since the warehouse inventories are inaccurate, DHS cannot manage warehouses or demonstrate compliance with requirements to limit the size of real property inventories and reduce costs. Even though most warehouses we visited were well organized and appeared to support the components' missions, we identified three warehouses that CBP could potentially consolidate or close and put \$1 million per year to better use. We made four recommendations to the Department and CBP to improve oversight and management of its warehouse inventory, to strengthen the consistency and accuracy of component warehouse information, and to consolidate and close several warehouses; the consolidation recommendation is considered resolved and open. (OIG-15-138, August 2015, OA)

***Los Alamos County, New Mexico, Generally Accounted For and Expended FEMA Grant Funds Properly***

Los Alamos County, New Mexico, (County) received an award of \$5.1 million from the New Mexico Department of Homeland Security and Emergency Management Agency, a FEMA grantee, for damages resulting from severe storms and flooding, which occurred in September 2013. The County generally accounted for and expended FEMA Public Assistance grant funds according to Federal requirements. However, the County did not always comply with Federal procurement standards in awarding its three largest contracts for disaster work totaling \$1.9 million. Specifically, the County did not take all required affirma-

tive steps to assure the use of small, minority, women-owned, and labor surplus area firms when possible. However, although the County did not take the specific steps that Federal procurement standards require, it did award all three contracts to these types of disadvantaged firms. In addition, the County's contractors performed adequately and billed for their work appropriately. Therefore, we did not question costs because the County's noncompliance with Federal requirements did not negatively impact the Federal Government. We made no recommendations.

(OIG-15-139-D, September 2015, EMO)

***FEMA Should Disallow \$2.78 Million of \$14.57 Million in Public Assistance Grant Funds Awarded to the Township of Brick, New Jersey, for Hurricane Sandy Damages***

The Township of Brick, New Jersey, (Township) received a gross award of \$14.7 million from the New Jersey Office of Emergency Management (New Jersey), a FEMA grantee, for damages resulting from Hurricane Sandy which occurred in October, 2012. The award provided 90 percent FEMA funding for debris removal activities, emergency protective measures, and permanent repairs to roads and other facilities. We audited 10 projects with net awards totaling \$12.90 million. FEMA should disallow \$2.78 million in grant funds awarded to the Township. Although the Township generally accounted for FEMA funds on a project-by-project basis, it did not fully comply with Federal and FEMA procurement requirements in awarding contracts for disaster work, resulting in \$1,496,131 in unreasonable debris removal costs. The unreasonable costs represent the difference between hourly rates the Township paid its contractors and the hourly rates that the State of New Jersey negotiated for statewide debris removal activities and made available to all municipalities within the state. We also question as ineligible \$1,286,255 of unrelated project costs. We made two recommendations to the Regional Administrator, FEMA Region II, for disallowance of the \$2.78 million (Federal share \$2.50 million) of ineligible costs.

(OIG-15-141-D, September 2015, EMO)

***The Puerto Rico Department of Housing Did Not Properly Administer \$90.79 Million of FEMA Grant Funds Awarded for the New Secure Housing Program – Hurricane Georges***

At the request FEMA Region II, we audited FEMA grant funds awarded to the Puerto Rico Department of Housing (Department) to implement the New Secure Housing Program following Hurricane Georges, which occurred in September 1998. FEMA made the request to facilitate its closeout of the grants. The Department received two awards totaling \$186.13 million from the Puerto Rico Office of Management and Budget (Puerto Rico), a FEMA grantee, to implement the New Secure Housing Program, which consisted of providing disaster-resistant housing to eligible applicants throughout the Commonwealth. The award provided 75 percent FEMA funding. We determined that the Department did not always account for and expend FEMA grant funds according to Federal requirements. Of the \$179.98 million of construction costs the Department claimed, we questioned \$90.79 million as ineligible. We made five recommendations to the Regional Administrator, FEMA Region II, for disallowing the \$90.79 million of questioned costs and one recommendation to remind Puerto Rico of its responsibilities to adequately monitor and review costs subgrantees claim for adherence to Federal Regulations and FEMA guidelines.

(OIG-15-142-D, September 2015, EMO)

***Rock County, Minnesota, Highway Department Has Adequate Policies, Procedures, and Business Practices to Effectively Manage Its FEMA Public Assistance Grant Funding***

Rock County, Minnesota, Highway Department (Department) received an award of \$1,250,033 from the Minnesota Department of Public Safety, Division of Homeland Security and Emergency Management, a FEMA grantee, for damages resulting from severe storms and flooding beginning on June 11, 2014, and continuing through July 11, 2014. The Department has adequate policies, procedures, and business practices to account for and expend FEMA grant funds according to Federal regulations and FEMA

guidelines. Because the audit did not identify any issues or recommendations requiring further action from FEMA, we consider this report closed. (OIG-15-143-D, September 2015, EMO)

***OIG Deployment Activities at FEMA's Joint Field Office in Charleston, West Virginia – Yeager Airport***

At the request of FEMA Region III and the West Virginia Division of Homeland Security and Emergency Management (West Virginia), we deployed staff to FEMA's JFO in Charleston, West Virginia, during April 22–24, 2015. We deployed to help ensure FEMA and West Virginia's compliance with Public Assistance and Federal grant requirements regarding the eligibility of damages to the Engineered Arresting structure at Yeager Airport in Charleston, West Virginia. We determined that FEMA should take reasonable steps to determine whether the damage to the Engineered Arresting structure at Yeager Airport is the direct result of the disaster, and, if so, that a duplication of benefits does not occur. Further, FEMA should fully document such determinations in the agency's official disaster records. This action should provide reasonable assurance that FEMA obligates Public Assistance funding only for eligible work, thus preventing future large deobligations or recoveries for work that FEMA or an audit may later determine to be ineligible. Because FEMA and West Virginia officials were still deliberating an appropriate response for damages to the airport, the report did not require a response from FEMA.

(OIG-15-145-D, September 2015, EMO)

***Asbury Park, New Jersey, Needs Assistance in Supporting more than \$2 Million in FEMA Grant Funds for Hurricane Sandy Debris and Emergency Work***

The City of Asbury Park, New Jersey, (City) received a Public Assistance award totaling \$9.3 million from the New Jersey Office of Emergency Management, a FEMA grantee, for Hurricane Sandy damages in October 2012. The City generally accounted for and expended FEMA funds for permanent work according to Federal regulations and FEMA guidelines. However,

the City did not provide adequate support for \$771,461 of the \$798,819 it had claimed for debris removal and emergency work at the time of our audit. FEMA initially estimated that debris and emergency work would exceed \$2 million. Because we conducted this audit early in the grant cycle, the City has an opportunity to supplement deficient documentation or locate missing documentation before too much time elapses. The City also did not include federally required contract provisions in five contracts totaling \$3.9 million. We did not question these contract costs, however, because this instance of noncompliance did not cause negative consequences and because the City otherwise complied with Federal procurement standards. We recommended that the Regional Administrator, FEMA Region II, should disallow \$771,461 (Federal Share \$694,315) of unsupported costs unless the City provides sufficient documentation. FEMA should also direct New Jersey to assist the City in properly supporting all costs it has claimed or plans to claim.  
(OIG-15-147-D, September 2015, EMO)

***FEMA Should Recover \$4.2 Million of \$142.1 Million in Grant Funds Awarded to the City of Gulfport, Mississippi, for Hurricane Katrina Damages***

The City of Gulfport, Mississippi, (City) received a \$248.3 million grant from the Mississippi Emergency Management Agency, a FEMA grantee, for 2005 Hurricane Katrina damages. We reviewed \$142.1 million FEMA approved for 43 permanent repair projects. The award provided 100 percent FEMA funding. For most of the projects reviewed, the City generally accounted for FEMA funds properly and complied with Federal regulations. However, the City did not comply with Federal procurement standards in awarding two contracts for project management services totaling \$10.4 million, resulting in \$4.2 million in unreasonable costs. Therefore, FEMA should disallow \$4.2 million in unreasonable costs. We made three recommendations to the Regional Administrator, FEMA Region IV, to disallow unreasonable costs and improve the State's grant management activities.  
(OIG-15-148-D, September 15, 2015, EMO)

***FEMA Should Recover \$32.4 Million in Grant Funds Awarded to Riverside General Hospital, Houston, Texas***

Riverside General Hospital (Riverside) received an award of \$32.4 million from the Texas Division of Emergency Management (Texas), a FEMA grantee, for damages resulting from Hurricane Ike in September 2008. We determined Riverside did not account for and expend FEMA grant funds according to Federal regulations and FEMA guidelines. Riverside did not comply with Federal grant requirements when it spent \$17.6 million of the \$32.4 million FEMA grant it received from Texas. In fact, Riverside's management misused \$7.9 million in FEMA grant money to pay the hospital's normal operating expenses and other unverifiable items. In addition, Riverside did not always account for or support project expenses and noncompetitively awarded \$12.2 million in disaster-related contracts. Further, Riverside did not properly disburse the disaster money it received to its vendors as close as feasibly possible to the receipt of the funds. As a result, we questioned the entire award of \$32.4 million, which includes \$17.6 million in advanced funds and the remaining grant fund balance of \$14.8 million. We recommended that FEMA disallow \$17.6 million of advanced funds and deobligate the remaining grant fund balance of \$14.8 million unless Riverside cooperates with Texas and FEMA to correct deficiencies identified in our report. We also recommended that FEMA pursue administrative actions to suspend and debar Riverside's former Lead Representative for his role in the mismanagement of FEMA funds and classify Riverside as a "high risk" applicant. Texas should also strengthen its oversight of its Public Assistance grant recipients.  
(OIG-15-149-D, September 2015, EMO)

***FEMA Should Recover \$2.0 Million in Unneeded Funds and Disallow \$1.2 Million of \$7 Million in Grant Funds Awarded to Spring Lake, New Jersey, for Hurricane Sandy***

The Borough of Spring Lake (Borough) received an award of \$7 million from the New Jersey Office of Emergency Management (New Jersey), a FEMA grantee, for Hurricane Sandy damages

in October 2012. The Borough accounted for disaster costs on a project-by-project basis and met applicable Federal regulations in processing disaster-related procurement transactions. However, the Borough completed one large project below the estimated project cost, and about \$2.0 million remains obligated for that project. In addition, the Borough could not provide adequate support for emergency and permanent restoration work totaling \$798,317. The Borough also had not applied insurance proceeds totaling \$431,507 against claims for eligible project costs. These findings occurred because the Borough did not effectively coordinate with New Jersey to ensure Borough compliance with FEMA grant requirements. We recommended that the Regional Administrator, FEMA Region II, deobligate \$2.0 million in unneeded funds, disallow \$798,317 as unsupported costs, disallow \$431,507 as ineligible duplicate benefits, and direct New Jersey to continue working with the Borough to ensure it complies with all Federal grant requirements. FEMA concurred with all six of our recommendations. (OIG-15-151-D, September 2015, EMO)

***Mount Carmel Baptist Church in Hattiesburg, Mississippi, Needs Assistance to Ensure Compliance with FEMA Public Assistance Grant Requirements***

We audited the capability of Mount Carmel Baptist Church in Hattiesburg, Mississippi, (Mount Carmel) to manage FEMA Public Assistance grant funds. We conducted this audit early in the Public Assistance process to identify areas where Mount Carmel may need additional technical assistance or monitoring to ensure compliance with Federal regulations and FEMA guidelines. At the time of our audit, FEMA and the Mississippi Emergency Management Agency (Mississippi), a FEMA grantee, were still drafting Mount Carmel's project worksheets to estimate damages resulting from severe storms and tornadoes that occurred in February 2013. Mount Carmel officials estimate eligible disaster-related damages to be approximately \$13.2 million. The award provides 75 percent FEMA funding for

eligible work. At the time of our audit, Mount Carmel did not have adequate policies, procedures, and business practices to account for and expend FEMA grant funds according to Federal regulations and FEMA guidelines. In addition, Mount Carmel may lack the financial stability to meet the required 25 percent non-Federal cost share for the grant award. Finally, Carmel Estates, Incorporated, operating as Eagle Wing Estates II (Eagle Wing), a corporation Mount Carmel Baptist Church established, did not always comply with Federal grant requirements for a past Federal grant it received from another Federal agency. We made two recommendations to the Regional Administrator, FEMA Region IV, to direct Mississippi to provide additional technical assistance and monitoring; and to place special conditions as needed on Mount Carmel. (OIG-15-152-D, September 2015, EMO)

***DHS Components' Management Letters for DHS' FY 2014 Financial Statements Audit***

KPMG LLP (KPMG), under contract with DHS OIG, reviewed 13 different components' and offices' internal control over financial reporting. The combined management letters discuss 79 observations related to internal control deficiencies identified during FY 2014 financial statements audit. These deficiencies did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2014 Financial Statements and Internal Control over Financial Reporting*, dated November 14, 2014, included in DHS' FY 2014 *Agency Financial Report*. These observations were discussed with the appropriate members of management and are intended to improve internal control or result in other operating efficiencies. We issued individual reports for TSA, the Secret Service, USCG, DHS-Office of Financial Management, ICE, USCIS, S&T, NPPD, MGMT, FEMA, I&A, FLETC, and DNDO. (OIG-15-56, OIG-15-58, OIG-15-68, OIG-15-70, OIG-15-71, OIG-15-72, OIG-15-73, OIG-15-74, OIG-15-75, OIG-15-77, OIG-15-82, OIG-15-83, OIG-15-84, Various dates 2015, OA)

***DHS Contracts and Grants Awarded through Other than Full and Open Competition***

We audited the DHS Secretary's report provided by the Under Secretary for Management listing all contracts and grants awarded by any means other than full and open competition (noncompetitive) during FY 2014, to assess departmental compliance with applicable laws and regulations. We determined that the Department's FY 2014 noncompetitive contracts and grants were accurately reported in the Federal Procurement Data System and USAspending.gov, respectively. We also determined that the Under Secretary for Management's Report list and current internal controls to report noncompetitive contracts and grants data were in compliance with applicable laws and regulations. We made no recommendations. (OIG-15-59, April 2015, OA)

***Information Technology Management Letters for Select DHS Components of the FY 2014 DHS Financial Statement Audit***

KPMG, under contract with DHS OIG, audited select DHS components and the Department's consolidated financial statements for the year ended September 30, 2014. The overall objective was to evaluate the effectiveness of general IT controls of the various components' financial processing environment and related IT infrastructure and to assess certain non-technical areas related to the protection of sensitive IT and financial information and assets. Although it was determined that some components made improvements over designing and consistently implementing certain account management controls, we continued to identify financial system functionality and general IT control deficiencies related to controls over logical access and configuration management for core financial and feeder systems. The most significant weaknesses from a financial statement audit perspective continued to include inadequately monitored access to system components and configuration management for key financial applications. The inadequate protection of DHS information systems and data from those without a need to know or a need to access puts DHS' sensitive electronic and physical data at adverse risk of loss, theft, or misuse.

We issued individual reports for CBP, Office of Financial Management and Office of Chief Information Officer components, other DHS management components, the Secret Service, and FLETC. (OIG-15-60, OIG-15-62, OIG-15-63, OIG-15-69, OIG-15-79, Various dates 2015, ITA)

***Independent Auditors' Report on U.S. Customs and Border Protection's FY 2014 Financial Statements***

KPMG, under contract with DHS OIG, conducted an audit of CBP FY 2014 consolidated financial statements. KPMG expressed an unmodified (clean) opinion on CBP's FY financial statements. The report discusses four significant deficiencies in internal control, one of which KPMG considers to be a material weakness in the area of drawback duties, taxes, and fees. The other three significant deficiencies in internal control were identified in the areas of property, plant, and equipment; entry process (including the in-bond program, bonded warehouse and foreign trade zones, entry reports, bond sufficiency, and classification of custodial liabilities); and information technology. The report includes 18 recommendations, which are intended to improve internal control in these areas. CBP concurred with the significant deficiencies identified in the report, and management indicated that it will continue to work to resolve the identified weaknesses. (OIG-15-76, April 2015, OA)

***Verification Review of U.S. Coast Guard's Acquisition of the Sentinel Class – Fast Response Cutter (OIG-12-68)***

We conducted a verification review to assess USCG's progress on implementing recommendations from our August 2012 report, *U.S. Coast Guard's Acquisition of the Sentinel Class – Fast Response Cutter* (OIG-12-68). To determine whether USCG's implementation of our recommendations achieved the intended results, we reviewed documentation from a current acquisition program—the Offshore Patrol Cutter (OPC). We determined that USCG's plans to reduce risks during the OPC acquisition show progress toward achieving the intended results of our recommendations. However, it is too early in the OPC

acquisition to determine whether USCG has fully implemented its plans. Our report did not contain any recommendations.

(OIG-15-78-VR, June 2015, OA)

***DHS Should Do More to Reduce Travel Reservation Costs***

DHS does not require components to track justifications for making travel reservations offline, that is, by contacting an agent by telephone. Therefore, it is difficult to identify whether offline travel fees are excessive. Making reservations by telephone costs \$23 to \$27 more per transaction than making a reservation online through the web-based system. The Department is also not effectively managing components' use of the online system. As a result, the Department may be missing opportunities to reduce offline travel reservation fees and identify cost savings. Finally, although the Senate Appropriations Committee expected DHS to reduce its offline reservation costs in FY 2014, data from DHS showed that, overall, offline costs increased. We recommended that the DHS Chief Financial Officer update the travel policy, monitor offline reservations, and assess the cost-effectiveness of the Department's current travel services. We made five recommendations that, if implemented, should improve the Department's use of online travel reservations. DHS concurred with all recommendations and indicated it has begun activities to implement the recommendations; the recommendations are considered resolved and open. (OIG-15-80, April 2015, OA)

***Management Letter for the U.S. Customs and Border Protection's FY 2014 Consolidated Financial Statements Audit***

KPMG, under contract with DHS OIG, reviewed CBP's internal control over financial reporting. The management letter discusses 20 observations related to internal control deficiencies identified during the FY 2014 financial statements audit. These deficiencies did not meet the criteria to be reported in the *Independent Auditors' Report on U.S. Customs and Border Protection's FY 2014 Financial Statements*, dated April 1, 2015, included in CBP's FY 2014 *Performance and Accountability Report*. These observations were discussed with

the appropriate members of management and are intended to improve internal control or result in other operating efficiencies.

(OIG-15-81, April 2015, OA)

***Information Technology Management Letter for the FY 2014 Department of Homeland Security Financial Statement Audit***

KPMG, under contract with DHS OIG, audited the consolidated financial statements of DHS for the year ended September 30, 2014. The objective was to evaluate selected general IT controls, entity-level controls, and business process application controls at DHS' components to assist in planning and performing the audit of FY 2014 DHS consolidated financial statements. KPMG continued to identify deficiencies related to access controls, segregation of duties control, and configuration management controls of DHS' core financial system. The inadequate protection of DHS information systems and data from those without a need to know or a need to access puts DHS' sensitive electronic and physical data at adverse risk of loss, theft, or misuse. The findings collectively limited DHS' ability to ensure that critical financial and operational data were maintained in such a manner to ensure confidentiality, integrity, and availability. The deficiencies at CBP, USCG, and FEMA adversely impacted the internal controls over DHS' financial reporting and its operation and collectively represent a material weakness reported in the DHS FY 2014 *Agency Financial Report*. (OIG-15-93, May 2015, ITA)

***Department of Homeland Security's FY 2014 Compliance with the Improper Payments Elimination and Recovery Act of 2010***

We audited DHS' compliance with the *Improper Payments Elimination and Recovery Act of 2010* (IPERA). Specifically, we evaluated the accuracy and completeness of DHS' improper payment reporting and DHS' performance in reducing and recapturing improper payments. We determined that although KPMG, under contract with DHS OIG to perform the audit, did not identify any instances of noncompliance with IPERA, DHS could improve its oversight and review of IPERA risk assessments. DHS' Risk Management and

Assurance Division (RM&A) was delayed in approving the components' risk assessments and sample test plans. RM&A attributed the delay to staffing shortages. The components began improper payment testing before obtaining RM&A's approval. In addition, neither FEMA nor RM&A noticed FEMA's omission of one program that should have been included in its risk assessments. As a result of our review, however, FEMA did perform a risk assessment of the program. We recommended that RM&A plan for personnel succession to ensure the Department's compliance with legislative requirements. We also recommended that RM&A and FEMA strengthen their oversight and review procedures for the IPERA risk assessment and improper payment testing process. DHS concurred with the three recommendations and has taken corrective action resulting in the resolution and closure of all three recommendations. (OIG-15-94, May 2105, OA)

***New York's Management of Homeland Security Grant Program Awards for Fiscal Years 2010–12***

Although New York and New York City urban area distributed and spent Homeland Security Grant Program awards to enhance their homeland security capabilities, they need to make improvements to ensure future spending complies with applicable Federal laws and regulations. In addition, neither the State nor the urban area included adequately defined goals and objectives in homeland security strategies. The State also did not obligate funds to subgrantees within the required timeframes. Neither the State nor the New York City urban area had sufficient management controls to ensure subgrantees used grant funds appropriately. The State's and urban area's inadequate fiscal monitoring contributed to these issues. As a result, we identified about \$67 million in questioned costs, primarily resulting from expenses related to operational overtime, management and administration, and training that were not spent according to grant guidance or were not adequately supported. We made 15 recommendations to address the deficiencies identified and to improve the effectiveness and efficiency of the New York State Homeland Security grant program. FEMA concurred with 10 recommendations and

indicated it has begun activities to implement all 15 recommendations. Recommendations 1, 2, 3, 5, 7, 8, 9, 10, 11, 12, 13, 14, and 15 are resolved and open. Recommendations 4 and 6 are open and unresolved. (OIG-15-107, May 2015, OA)

***Transportation Security Administration's Management of Its Federal Employees' Compensation Act Program***

We followed up on our 2007 report, *The Transportation Security Administration's Management of Its Federal Employees' Compensation Act Program*, OIG-07-45, to determine whether TSA effectively and efficiently processed and managed workers' compensation claims. TSA was responsive to our 2007 report recommendations and implemented internal controls across its workers' compensation program. For example, TSA developed and implemented comprehensive policies and procedures for the submission and management of workers' compensation claims. TSA also increased the number of workers' compensation personnel and developed and implemented a strategy to review and address long-term, high-cost claims. Although TSA has made progress in addressing our prior report recommendations, we determined that TSA used similar but separate functions for processing workers' compensation claims without demonstrating increased effectiveness or efficiency in the processing or management of those claims. We also noted that TSA's process for reviewing the accuracy of Department of Labor's charges billed to TSA was not formally documented in its workers' compensation policy. We recommended that TSA strengthen the processing and managing of workers' compensation claims. TSA concurred with all of the recommendations, and is taking or planning to take corrective actions to implement the recommendations; the recommendations are considered resolved and open. (OIG-15-118, July 2015, OA)

***Oversight Review of the National Protection and Programs Directorate, Internal Affairs Division***

We conducted an oversight review of NPPD's Internal Affairs Division to determine whether it addressed allegations of employee misconduct consistent with applicable policies. We identified



specific issues with the agency's authority to conduct investigations, adherence to internal policy, and compliance with laws governing the payment of Law Enforcement Availability Pay. We recommended that NPPD examine how allegations of employee misconduct are investigated and, if appropriate, obtain the requisite authority to conduct criminal investigations internally; and conduct a workforce analysis of the Internal Affairs Division to determine the appropriate composition and classification of assigned positions. We also recommended that NPPD ensure that criminal investigators assigned to the Internal Affairs Division in primary positions meet the minimum legal requirement of spending at least 50 percent of their time on criminal investigative activity. We made 24 recommendations, of which 7 are resolved and closed, 15 are open and resolved, and 2 are open and unresolved.  
(OIG-15-108-IQO, June 2015, IQO)

## INVESTIGATIONS

### ***BPA Defrauds Elderly***

We investigated a BPA for his involvement in a ring to defraud elderly victims. We found that as part of this scheme, the BPA called victims claiming to be a relative in urgent need of funds for emergency vehicle repairs and asked them to wire money to his bank account. He was sentenced to 5 years' probation and ordered to pay his three victims \$61,449 in restitution.

### ***CBP Contractor Uses Illegal Parts***

We investigated a CBP contractor for product substitution. We found the contractor furnished used or non-traceable subcomponents in violation of the CBP contract and Federal Aviation Administration requirements. Three employees of the contractor were sentenced: one to 24 months' probation and fined \$2,500, one to 12 months and one day of imprisonment and 24 months' supervised release, and one to 12 months' probation until a \$2,500 fine is paid. This investigation was conducted jointly with the FBI, U.S. Department of Defense (DoD) OIG, and the U.S. Department of Transportation (DOT) OIG.

### ***Falsified FEMA Application***

We investigated a member of the public who fraudulently obtained FEMA benefits. We found that she improperly received \$34,877 in FEMA benefits after she falsely denied concurrently receiving housing assistance from the U.S. Department of Housing and Urban Development (HUD). She was sentenced to 4 years' probation.

### ***FEMA Fraud***

We investigated a member of the public who defrauded FEMA by failing to disclose that she was also receiving Section 8 housing assistance from HUD, thereby receiving \$38,684 in benefits to which she was not entitled. She was sentenced to 2 years' probation and 80 hours of community service.

### ***Three Join in FEMA Fraud***

We investigated three members of the public who falsely claimed residence at multiple disaster-damaged addresses to collect FEMA relief funds. One individual was sentenced to 45 months' imprisonment, 3 years' supervised release, and ordered to make \$290,650 in restitution. The second individual was sentenced to 24 months' incarceration, 3 years' supervised release, and ordered to make \$51,744 in restitution. The third individual was sentenced to 24 months' imprisonment and 2 years of supervised release. This was a task force investigation, worked jointly with HUD OIG and Social Security Administration OIG.

### ***Contractor Defrauds Grant Program***

We investigated a contractor who abandoned projects after accepting grant monies from FEMA and homeowners to elevate houses to prevent or mitigate future storm or flood damage. The contractor fraudulently received \$68,475. He was sentenced to probation. This was a joint investigation with a State attorney general's office.

### ***Corporation Owner Engages in Bond Scheme***

We investigated a corporation owner who submitted a series of false documents to FEMA and USCG as part of a fraudulent payment and performance bond scheme. He was sentenced to

65 months' imprisonment, 36 months' supervised release, and ordered to make \$1,253,096 in restitution. This investigation was conducted jointly with DOT OIG, DoD OIG, and the FBI.

#### ***FEMA Funds Stolen***

We investigated a member of the public who misappropriated FEMA funds provided to rebuild a church facility. We found that she transferred money from a reconstruction account to an operational account and then wrote checks to herself. She was sentenced to 1 year and 1 day of imprisonment, followed by 3 years of supervised release, and was ordered to make \$74,001 in restitution. This investigation was conducted jointly with the FBI.

#### ***Submission of Fraudulent Invoices to FEMA***

We investigated a member of the public who submitted fraudulent invoices and canceled checks to obtain FEMA benefits for church schools. She was sentenced to 4 years' probation, 6 months' home confinement, fined \$10,000, and ordered to make \$162,564 in restitution and perform 200 hours of community service. This investigation was conducted jointly with the FBI.

#### ***Police Chief Defrauds FEMA***

We investigated a local police chief for submitting fraudulent lease and rent receipts to FEMA to claim disaster benefits. He was sentenced to 30 days' imprisonment, 2 years' supervised release, and ordered to make \$15,518 in restitution.

#### ***ICE Official Misuses Purchase Card***

We investigated allegations that a former ICE official misused her government purchase card to make \$2,399 in unauthorized charges. She was sentenced to 24 months' supervised probation, 240 hours of community service, fined \$1,200, and ordered to make full restitution.

#### ***Business Owners Forge Contract Application Documents***

We investigated two business owners who submitted forged letters of support from universities, corporations, and individuals from around the world as part of a scheme to fraudulently obtain government contracts. They were sentenced to 15 years' and 13 years' imprisonment respectively. They were also sentenced to 36 months' supervised release and ordered to pay a combined total of \$10,654,969 in restitution. This was investigated jointly with DoD OIG, Environmental Protection Agency OIG, U.S. Army Criminal Investigations Division, National Science Foundation OIG, and National Aeronautics and Space Administration OIG.

#### ***TSA Financial Analyst Engages in Loan Fraud Scheme***

We investigated a TSA Financial Analyst who used his Certified Public Accountant license to falsify tax and bank records for individuals and shell companies as part of a mortgage loan application fraud scheme. He was one of nine individuals prosecuted for their role in the scheme. He was sentenced to 4 consecutive weekends of incarceration, 5 years' probation, 200 hours of community service, and ordered to make \$5,001 in restitution. This was a joint investigation with the Federal Housing Finance Administration, HUD OIG, Department of Justice (DOJ) OIG, Diplomatic Security Service, the Secret Service, and the FBI.

#### ***TSA Officer Falsely Claims Illness to Receive Leave Donations***

We investigated a Transportation Security Officer who falsely claimed to be recovering from cancer surgery to qualify for the TSA Voluntary Leave Transfer Program. He received over 2,200 hours of donated leave from fellow TSA employees. He was sentenced to 8 months' imprisonment, 3 years' supervised release, and ordered to make \$61,996 in restitution.

***Contractor Defrauds U.S. Coast Guard and Other Agencies***

We investigated a contractor who provided false statements to the Small Business Administration program to fraudulently receive contracts from several government agencies, including USCG. He was sentenced to 12 months' incarceration, followed by 2 years of supervised release, and ordered to pay \$6,775,034 in restitution jointly with his company. This investigation was conducted jointly with the Small Business Administration OIG, DoD OIG, and U.S. Army Criminal Investigations Division.

***U.S. Secret Service Employee Uses Counterfeit Notes***

We investigated an administrative officer who was stealing counterfeit Federal Reserve Notes from a Secret Service office and using them at a local department store. We surveilled the employee and observed her passing the counterfeit notes and executed search warrants which resulted in the seizure of thousands of dollars of counterfeit and legitimate U.S. currency. She was sentenced to 2 years' probation, 180 days of home detention, and 200 hours of community service.

# LEGISLATIVE AND REGULATORY REVIEWS AND OTHER OFFICE OF INSPECTOR GENERAL ACTIVITIES



## LEGISLATIVE AND REGULATORY REVIEWS

Section 4(a)(2) of the *Inspector General Act* requires the Inspector General to review existing and proposed legislation and regulations relating to DHS programs and operations and to make recommendations about their impact. Our comments and recommendations focus on the effect of the proposed legislation and regulations on economy and efficiency in administering DHS programs and operations or on the prevention and detection of fraud, waste, and abuse in DHS programs and operations.

During this reporting period, we reviewed more than 100 legislative and regulatory proposals, draft DHS policy directives, and other matters.

## OVERSIGHT OF NONDEPARTMENTAL ACTIVITIES

During the period, we completed 31 desk reviews and 1 quality control review of Single Audit reports issued by independent public accountant organizations. Of the 31 desk reviews, we issued 7 comment letters. An additional 4 letters and 1 quality control review report are currently in process for review and signature.

## PARTNERSHIP WITH THE RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD

The Recovery Accountability and Transparency Board (RATB) officially closed on September 30, 2015. The RATB concluded a multi-year partnership with DHS OIG and the entire OIG community to provide analytic support for audits and investigations associated with oversight of Hurricane Sandy Disaster Relief Funds. From August 2013 to September 2015, DHS OIG was RATB's largest customer with approximately 145 requests for analysis in support of criminal investigations and more than 70 requests for audits. Currently, we are using our successful experience with the RATB partnership and its technical framework for the purpose of establishing a similar analytics capability within DHS OIG.

# CONGRESSIONAL TESTIMONY AND BRIEFINGS



Our office testified before Congress eight times during this period. Testimony prepared for these hearings is on our website at [www.oig.dhs.gov](http://www.oig.dhs.gov).

We testified at the following hearings:

- April 15, 2015 – U.S. House of Representatives Judiciary Committee – Crime, Terrorism, and Homeland Security Subcommittee concerning, “Analyzing Misconduct In Federal Law Enforcement.”
- May 13, 2015 – U.S. House of Representatives Oversight and Government Reform Committee concerning, “Transportation Security: Are Our Airports Safe?”
- May 14, 2015 – U.S. House of Representatives Oversight and Government Reform Committee concerning, “U.S. Secret Service: Accountability For March 4, 2015 Misconduct.”
- June 9, 2015 – U.S. Senate Homeland Security and Governmental Affairs Committee concerning, “Oversight of The Transportation Security Administration: First-Hand and Government Watchdog Accounts of Agency Challenges.”
- June 16, 2015 – U.S. House of Representatives Homeland Security Committee – Transportation Security Subcommittee concerning, “How TSA Can Improve Aviation Worker Vetting.”
- June 17, 2015 – U.S. House of Representatives Oversight and Government Reform Committee – National Security Subcommittee and The Health Care, Benefits, and Administrative Rule Subcommittee concerning, “A Review of The President’s Executive Actions on Immigration.”
- July 14, 2015 – U.S. House of Representatives Homeland Security Committee – Border and Maritime Security Subcommittee concerning, “Securing the Maritime Border: The Future of CBP Air and Marine.”
- September 29, 2015 – U.S. Senate Appropriations Committee – Homeland Security Subcommittee concerning, “The Transportation Security Administration’s Efforts to Address Inspector General Findings.”

We briefed congressional members and their staffs frequently throughout the reporting period. Our office conducted more than 50 briefings for congressional members and staff on the results of our work, including *ICE Air Transportation of Detainees Could Be More Effective* (OIG-15-57), *The TSA Does Not Properly Manage Its Airport Screening Equipment Maintenance Program* (OIG-15-86), *DHS Missing Data Needed to Strengthen Its Immigration Enforcement Efforts* (OIG-15-85), and *TSA Can Improve Aviation Worker Vetting* (OIG-15-98). We also held briefings to inform members and staff about incidents involving the Secret Service and gave numerous classified briefings to discuss our covert testing efforts at the Nation’s airports.

# APPENDIXES





## Appendix 1

### Reports with Monetary Findings\*

#### Questioned Costs<sup>(a)</sup>

Report Category	Number		Total Questioned Costs	Unsupported Costs <sup>(b)</sup>
	Reports	Recommendations		
A. Reports pending management decision at the start of reporting period	10	14	\$169,436,222	\$384,001
B. Reports issued/processed during reporting period with questioned costs	27	61	\$294,434,630	\$73,122,595
<b>Total (A+B)</b>	<b>37</b>	<b>75</b>	<b>\$463,870,852</b>	<b>\$73,506,596</b>
C. Reports for which a management decision was made during reporting period <sup>(c)</sup>	14	30	\$317,021,011	\$68,746,035
D. Reports put into appeal status during reporting period	0	0	\$0	\$0
E. Reports pending a management decision at the end of reporting period	23	45	\$146,849,841	\$4,760,561
F. Reports for which no management decision was made within 6 months of issuance	1	1	\$3,912,772	\$0

#### Notes and Explanations:

\*The *Inspector General Act* requires Inspectors General and agency heads to report cost data on management decisions and final actions on audit reports. The current method of reporting at the “report” level, rather than at the individual audit “recommendation” level, results in incomplete reporting of cost data. Under the Act, an audit “report” does not have a management decision or final action until all questioned cost items or other recommendations have a management decision. Under these circumstances, the use of the report-based rather than the recommendation-based method of reporting distorts the actual agency efforts to resolve and complete action on audit recommendations. For example, although management may have taken timely action on all but one of many recommendations in an audit report, the current “all or nothing” reporting format does not recognize their efforts. To resolve this issue, we present DHS management decisions on reports and recommendations.

(a) **Questioned Costs** – The term “questioned cost” means a cost auditor’s question because of: an alleged violation of a provision of law, regulation, grant, cooperative agreement, or contract; a finding that, at the time of the audit, is not supported by adequate documentation; or a finding that the expenditure is unnecessary or unreasonable. A funding agency is responsible for making management decisions on questioned costs, including an evaluation of the findings and recommendations in an audit report. A management decision against the auditee would transform a questioned cost into a disallowed cost. Our amounts in the Total Questioned Costs column represent only the Federal share of questioned costs. The Federal share is the portion of a grant award funded by the Federal Government. The Federal Government does not always provide 100 percent funding for a grant. The grantee (usually a state) or the subgrantee (usually a local government or nonprofit entity) may be

responsible for funding the non-Federal share. In this report, we report only the Federal share of questioned costs as a monetary benefit to the Federal Government because funds provided by the grantee or subgrantee would not be returned to the Federal Government. These questioned costs include ineligible and unsupported costs.

(b) **Unsupported Costs** – These costs are a subset of Total Questioned Costs and are also shown separately under the

Unsupported Costs column as required by the Act. These costs were not supported by adequate documentation at the time of the audit.

(c) **Accepted Costs** – These are previously questioned costs accepted in a management decision as allowable costs to a Government program. Before acceptance, DHS OIG must agree with the basis for the management decision.

## Appendix 1

### Reports with Monetary Findings (continued) Funds to be Put to Better Use<sup>(d)</sup>

Report Category	Number		Amount
	Reports	Recommendations	
A. Reports pending management decision at the start of reporting period	6	7	\$1,808,057,240
B. Reports issued during reporting period	11	12	\$225,004,386
<b>Total (A+B)</b>	<b>17</b>	<b>19</b>	<b>\$2,033,061,626</b>
C. Reports for which a management decision was made during reporting period <sup>(e)</sup>	11	13	\$2,006,666,131
D. Reports put into the appeal status during reporting period	0	0	\$0
E. Reports pending a management decision at the end of reporting period	6	6	\$26,395,495
F. Reports for which no management decision was made within 6 months of issuance	0	0	\$0

#### Notes and Explanations:

(d) **Funds to be Put to Better Use** – Auditors can identify ways to improve the efficiency, effectiveness, and economy of programs, resulting in cost savings over the life of the program. Unlike questioned costs, the auditor recommends methods for making the most efficient use of Federal dollars, such as reducing outlays, deobligating funds, or avoiding unnecessary expenditures.

**Appendix 2<sup>1</sup>****Compliance – Resolution of Reports and Recommendations**

<b>MANAGEMENT DECISION IS PENDING</b>	
<b>03/31/2015</b>	
Reports open and unresolved more than 6 months	19
Recommendations open and unresolved more than 6 months	40
<b>09/30/2015</b>	
Reports open and unresolved more than 6 months	12
Recommendations open and unresolved more than 6 months	21
<b>CURRENT INVENTORY</b>	
Open reports at the beginning of the period	169
Reports issued to DHS this period	100
Reports closed this period	112
Open reports at the end of the period	157
<b>ACTIVE RECOMMENDATIONS</b>	
Open recommendations at the beginning of the period	630
Recommendations issued this period	263
Recommendations reopened this period	0
Recommendations closed this period	310
Open recommendations at the end of the period	583

<sup>1</sup> This appendix excludes investigative reports.

## Appendix 3

### Reports with Unresolved Recommendations Over 6 Months Old

	Date Issued	Report No.	Report Title	Reco. Numbers	DHS Component	No. of Unresolved Recommendations Over 6 Months
1	2/28/2013	OIG-13-44	Massachusetts' Management of Homeland Security Grant Program Awards for Fiscal Years 2008 Through 2011	4,5	FEMA	2
2	5/29/2013	OIG-13-93	USCG Must Improve the Security and Strengthen the Management of Its Laptops	2	USCG	1
3	8/28/2013	OIG-13-110	DHS Needs To Strengthen Information Technology Continuity and Contingency Planning Capabilities	6,7,9	MGMT	3
4	1/7/2014	OIG-14-25	Hawaii's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	24,26	FEMA	2
5	9/5/2014	OIG-14-132	Audit of Security Controls for DHS Information Technology Systems at Dallas/Fort Worth International Airport	6	TSA	1
6	9/16/2014	OIG-14-142	(U) Vulnerabilities Exist in TSA's Checked Baggage Screening Operations	5	TSA	1
7	12/12/2014	OIG-15-16	Evaluation of DHS' Information Security Program for Fiscal Year 2014	1	MGMT	1
8	12/24/2014	OIG-15-17	U.S. Customs and Border Protection's Unmanned Aircraft System Program Does Not Achieve Intended Results or Recognize All Costs of Operations	1	CBP	1
9	12/16/2014	OIG-15-18	Audit of Security Controls for DHS Information Systems at John F. Kennedy International Airport	6,8,10,14,15,16	Various	6
10	1/28/2015	OIG-15-29	Security Enhancements Needed to the TSA PreCheck initiative	1	TSA	1
11	2/27/2015	OIG-15-38	Science and Technology Directorate Needs to Improve Its Contract Management Procedures	3	S&T	1
12	3/16/2015	OIG-15-45	Allegations of Granting Expedited Screening through TSA PreCheck Improperly	1	TSA	1
			<b>Total</b>			<b>21</b>

## Appendix 4

### Reports Issued

Report Number	Date Issued	Report Title	Total Questioned Costs <sup>(a)</sup>	Unsupported Costs <sup>(b)</sup>	Funds to be Put to Better Use <sup>(c)</sup>
1. OIG-15-56	4/15	Transportation Security Administration's Management Letter for DHS' FY 2014 Financial Statements Audit	\$0	\$0	\$0
2. OIG-15-57	4/15	ICE Air Transportation of Detainees Could Be More Effective	\$0	\$0	\$0
3. OIG-15-58	4/15	United States Secret Service's Management Letter for DHS' FY 2014 Financial Statements Audit	\$0	\$0	\$0
4. OIG-15-59	4/15	DHS Contracts and Grants Awarded through Other than Full and Open Competition, FY 2014	\$0	\$0	\$0
5. OIG-15-60	5/15	Information Technology Management Letter for the FY 2014 U.S. Customs and Border Protection Financial Statement Audit	\$0	\$0	\$0
6. OIG-15-61	4/15	Management Advisory-Alarm System Maintenance at Residences Protected by the U.S. Secret Service (Redacted)	\$0	\$0	\$0
7. OIG-15-62	4/15	Information Technology Management Letter for the Office of Financial Management and Office of Chief Information Officer Components of the FY 2014 Department of Homeland Security Financial Statement Audit	\$0	\$0	\$0
8. OIG-15-63	4/15	Information Technology Management Letter for the Other DHS Management Components of the FY 2014 Department of Homeland Security Financial Statement Audit	\$0	\$0	\$0

## Appendix 4

### Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs <sup>(a)</sup>	Unsupported Costs <sup>(b)</sup>	Funds to be Put to Better Use <sup>(c)</sup>
9. OIG-15-64	4/15	CBP's Houston Seaport Generally Complied with Cargo Examination Requirements but Could Improve Its Documentation of Waivers and Exceptions (Redacted)	\$0	\$0	\$0
10. OIG-15-65-D	4/15	FEMA Should Disallow \$82.4 Million of Improper Contracting Costs Awarded to Holy Cross School, New Orleans, Louisiana	\$82,360,247	\$0	\$0
11. OIG-15-66-D	4/15	South Carolina Department of Transportation Has Adequate Policies, Procedures, and Business Practices to Effectively Manage Its FEMA Public Assistance Grant Funding	\$0	\$0	\$0
12. OIG-15-67-D	4/15	The Port Authority of New York and New Jersey's Recently Updated Policies, Procedures, and Business Practices Should Be Adequate to Effectively Manage FEMA Public Assistance Grant Funds	\$0	\$0	\$191,700,000
13. OIG-15-68	4/15	United States Coast Guards' Management Letter for DHS' FY 2014 Financial Statements Audit	\$0	\$0	\$0
14. OIG-15-69	4/15	Information Technology Management Letter for the United States Secret Service Component of the FY 2014 Department of Homeland Security Financial Statement Audit	\$0	\$0	\$0
15. OIG-15-70	4/15	Office of Financial Management's Management Letter for DHS' FY 2014 Financial Statements Audit	\$0	\$0	\$0
16. OIG-15-71	4/15	United States Immigration and Customs Enforcement's Management Letter for DHS' FY 2014 Financial Statements Audit	\$0	\$0	\$0

## Appendix 4

### Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs <sup>(a)</sup>	Unsupported Costs <sup>(b)</sup>	Funds to be Put to Better Use <sup>(c)</sup>
17. OIG-15-72	4/15	U.S. Citizenship and Immigration Services' Management Letter for DHS' FY 2014 Financial Statements Audit	\$0	\$0	\$0
18. OIG-15-73	4/15	Science and Technology Directorate's Management Letter for DHS' FY 2014 Financial Statements Audit	\$0	\$0	\$0
19. OIG-15-74	4/15	National Protection and Programs Directorate's Management Letter for DHS' FY 2014 Financial Statements Audit	\$0	\$0	\$0
20. OIG-15-75	4/15	Management Directorate's Management Letter for DHS' FY 2014 Financial Statements Audit	\$0	\$0	\$0
21. OIG-15-76	4/15	Independent Auditors' Report on U.S. Customs and Border Protection's FY 2014 Financial Statements	\$0	\$0	\$0
22. OIG-15-77	4/15	Federal Emergency Management Agency's Management Letter for DHS' FY 2014 Financial Statements Audit	\$0	\$0	\$0
23. OIG-15-78-VR	6/15	Verification Review of U.S. Coast Guard's Acquisition of the Sentinel Class – Fast Response Cutter (OIG-12-68)	\$0	\$0	\$0
24. OIG-15-79	4/15	Information Technology Management Letter for the Federal Law Enforcement Training Center Component of the FY 2014 Department of Homeland Security Financial Statement Audit	\$0	\$0	\$0
25. OIG-15-80	4/15	DHS Should Do More to Reduce Travel Reservation Costs	\$0	\$0	\$0



## Appendix 4

### Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs <sup>(a)</sup>	Unsupported Costs <sup>(b)</sup>	Funds to be Put to Better Use <sup>(c)</sup>
26. OIG-15-81	4/15	Management Letter for the U.S. Customs and Border Protection's FY 2014 Consolidated Financial Statements Audit	\$0	\$0	\$0
27. OIG-15-82	4/15	Office of Intelligence and Analysis and Office of Operations Coordination's Management Letter for DHS' FY 2014 Financial Statements Audit	\$0	\$0	\$0
28. OIG-15-83	4/15	Federal Law Enforcement Training Centers' Management Letter for DHS' FY 2014 Financial Statements Audit	\$0	\$0	\$0
29. OIG-15-84	4/15	Domestic Nuclear Detection Office's Management Letter for DHS' FY 2014 Financial Statements Audit	\$0	\$0	\$0
30. OIG-15-85	5/15	DHS Missing Data Needed to Strengthen Its Immigration Enforcement Efforts	\$0	\$0	\$0
31. OIG-15-86	5/15	The Transportation Security Administration Does Not Properly Manage Its Airport Screening Equipment Maintenance Program	\$0	\$0	\$0
32. OIG-15-87	5/15	United States Coast Guard Safeguards for Protected Health Information Need Improvement	\$0	\$0	\$0
33. OIG-15-88	5/15	Audit of Security Controls for DHS Information Technology Systems at San Francisco International Airport	\$0	\$0	\$0
34. OIG-15-89-D	5/15	FEMA Misapplied the Cost Estimating Format Resulting in an \$8 Million Overfund to the Port of Tillamook Bay, Oregon	\$6,016,414	\$0	\$0

## Appendix 4

### Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs <sup>(a)</sup>	Unsupported Costs <sup>(b)</sup>	Funds to be Put to Better Use <sup>(c)</sup>
35. OIG-15-90-D	5/15	FEMA Should Recover \$2.75 Million of \$16.9 Million in Public Assistance Grant Funds Awarded to the Borough of Seaside Heights, New Jersey	\$1,594,540	\$1,328,391	\$1,835,004
36. OIG-15-91	5/15	CBP Is on Track to Meet ACE Milestones, but It Needs to Enhance Internal Controls	\$0	\$0	\$0
37. OIG-15-92-D	5/15	FEMA Provided an Effective Response to the Napa, California, Earthquake	\$0	\$0	\$0
38. OIG-15-93	5/15	Information Technology Management Letter for the FY 2014 Department of Homeland Security Financial Statement Audit	\$0	\$0	\$0
39. OIG-15-94	5/15	Department of Homeland Security's FY 2014 Compliance with the Improper Payments Elimination and Recovery Act of 2010	\$0	\$0	\$0
40. OIG-15-95	5/15	Streamline: Measuring Its Effect on Illegal Border Crossing	\$0	\$0	\$0
41. OIG-15-96-D	5/15	The City of Atlanta, Georgia, Effectively Managed FEMA Public Assistance Grant Funds Awarded for Severe Storms and Flooding in September 2009	\$0	\$0	\$0
42. OIG-15-97-VR	5/15	Corrective Actions Still Needed to Achieve Interoperable Communications	\$0	\$0	\$0
43. OIG-15-98	6/15	TSA Can Improve Aviation Worker Vetting (Redacted)	\$0	\$0	\$0
44. OIG-15-99-D	6/15	Boulder County, Colorado, Has Adequate Policies and Procedures to Manage Its Grant, but FEMA Should Deobligate about \$2.5 Million in Unneeded Funds	\$0	\$0	\$1,862,372

## Appendix 4

### Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs <sup>(a)</sup>	Unsupported Costs <sup>(b)</sup>	Funds to be Put to Better Use <sup>(c)</sup>
45. OIG-15-100-D	6/15	Audit Tips for Managing Disaster-Related Project Costs	\$0	\$0	\$0
46. OIG-15-101-D	6/15	The Chippewa Cree Tribe of the Rocky Boy's Indian Reservation in Montana Mismanaged \$3.9 Million in FEMA Disaster Grant Funds	\$3,892,073	\$142,633	\$0
47. OIG-15-102-D	6/15	FEMA's Initial Response to the 2014 Mudslide near Oso, Washington	\$0	\$0	\$0
48. OIG-15-103-D	6/15	The City of Rocky Mount, North Carolina, Effectively Managed FEMA Public Assistance Grant Funds Awarded for Hurricane Irene Damages	\$0	\$0	\$0
49. OIG-15-104-D	6/15	FEMA Should Recover \$337,135 of Ineligible or Unused Grant Funds Awarded to the Port of Tillamook Bay, Oregon	\$186,638	\$0	\$66,213
50. OIG-15-105-D	6/15	FEMA's Initial Response to Severe Storms and Flooding in Michigan	\$0	\$0	\$0
51. OIG-15-106-D	6/15	Dixie Electric Membership Corporation, Greenwell Springs, Louisiana, Generally Accounted For and Expended FEMA Grants Funds Properly	\$27,774	\$0	\$0
52. OIG-15-107	6/15	New York's Management of Homeland Security Grant Program Awards for Fiscal Years 2010-12	\$67,484,057	\$67,033,643	\$0
53. OIG-15-108-IQO	6/15	Oversight Review of the National Protection and Programs Directorate, Internal Affairs Division	\$0	\$0	\$0

## Appendix 4

### Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs <sup>(a)</sup>	Unsupported Costs <sup>(b)</sup>	Funds to be Put to Better Use <sup>(c)</sup>
54. OIG-15-109-D	6/15	Kansas and the Unified School District #473 in Chapman, Kansas, Did Not Properly Administer \$50 Million of FEMA Grant Funds	\$214,295	\$0	\$0
55. OIG-15-110-D	6/15	Lawrence County Engineer, Ohio, Generally Accounted For and Expended FEMA Grant Funds Properly	\$0	\$0	\$0
56. OIG-15-111-D	7/15	FEMA Should Recover \$4.85 Million of Ineligible Grant Funds Awarded to Oklahoma City, Oklahoma	\$3,956,909	\$0	\$0
57. OIG-15-112	7/15	Follow-up to Management Alert - U.S. Immigration and Customs Enforcement's Facility, San Pedro, California	\$0	\$0	\$0
58. OIG-15-113-D	7/15	FEMA Should Disallow over \$4 Million Awarded to Mountain View Electric Association, Colorado, for Improper Procurement Practices	\$3,007,666	\$0	\$0
59. OIG-15-114-D	7/15	FEMA Should Recover \$9.3 Million of Ineligible and Unsupported Costs from Fox Waterway Agency in Fox Lake, Illinois	\$7,025,391	\$852,164	\$0
60. OIG-15-115-D	7/15	Montgomery County, Maryland, Effectively Managed FEMA Public Assistance Grant Funds Awarded for Severe Storms During June and July 2012	\$27,183	\$0	\$0
61. OIG-15-116-D	7/15	Montgomery County, Maryland, Generally Accounted for and Expended FEMA Public Assistance Grant Funds According to Federal Requirements – Hurricane Sandy Activities	\$223,188	\$208,627	\$0
62. OIG-15-117	7/15	Fiscal Year 2014 Assessment of DHS Charge Card Program Indicates Moderate Risk Remains	\$0	\$0	\$0

## Appendix 4 Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs <sup>(a)</sup>	Unsupported Costs <sup>(b)</sup>	Funds to be Put to Better Use <sup>(c)</sup>
63. OIG-15-118	8/15	Transportation Security Administration's Management of Its Federal Employees' Compensation Act Program	\$0	\$0	\$0
64. OIG-15-119-D	8/15	Pulaski County, Missouri, Could Benefit from Additional Assistance in Managing Its FEMA Public Assistance Grant	\$0	\$0	\$724,515
65. OIG-15-120	8/15	Inspection of FEMA's Regional Offices - Region V	\$0	\$0	\$0
66. OIG-15-121-MA	8/15	Management Advisory on Department of Homeland Security Components' Reporting of Conference Spending	\$0	\$0	\$0
67. OIG-15-122	8/15	USCIS' Issuance of 3-year Employment Authorization Documents Following a Federal District Court Injunction	\$0	\$0	\$0
68. OIG-15-123-D	8/15	The Jackson County, Mississippi, Board of Supervisors Would Benefit from Technical Assistance in Managing Its \$14 Million FEMA Grant Award	\$264,866	\$0	\$0
69. OIG-15-124	8/15	DHS Needs to Improve Grant Guidance for Public Safety Communications Equipment	\$0	\$0	\$0
70. OIG-15-125-D	8/15	Scott County, Minnesota, Physical Development Department Has Adequate Policies, Procedures, and Business Practices to Effectively Manage Its FEMA Public Assistance Grant Funding	\$0	\$0	\$0
71. OIG-15-126-D	8/15	The City of Napa, California, Needs Additional Technical Assistance and Monitoring to Ensure Compliance with Federal Regulations	\$745,668	\$0	\$0

## Appendix 4

### Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs <sup>(a)</sup>	Unsupported Costs <sup>(b)</sup>	Funds to be Put to Better Use <sup>(c)</sup>
72. OIG-15-127-D	8/15	Jefferson Parish, Louisiana, Generally Accounted For and Expended FEMA Grant Funds Properly	\$97,111	\$0	\$0
73. OIG-15-128-D	8/15	FEMA's Process for Selecting Joint Field Offices Needs Improvement	\$0	\$0	\$1,553,000
74. OIG-15-129-D	8/15	Mankato, Minnesota, Has Adequate Policies, Procedures, and Business Practices to Effectively Manage Its FEMA Public Assistance Grant Funding	\$0	\$0	\$0
75. OIG-15-130-D	8/15	The City of Kenner, Louisiana, Generally Accounted For and Expended FEMA Grant Funds Properly	\$111,375	\$0	\$0
76. OIG-15-131-D	8/15	FEMA Should Recover \$21.7 Million of \$376 Million in Public Assistance Grant Funds Awarded to the City of Biloxi, Mississippi, for Hurricane Katrina Damages	\$21,711,231	\$0	\$0
77. OIG-15-132-D	8/15	FEMA Should Recover \$1.78 Million of Public Assistance Grant Funds Awarded to the City of Duluth, Minnesota	\$1,333,864	\$0	\$0
78. OIG-15-133-D	8/15	The Knoxville Utilities Board Effectively Managed FEMA Public Assistance Grant Funds Awarded for Damages from Tornadoes and Severe Storms in June 2011	\$0	\$0	\$0
79. OIG-15-134-D	8/15	The Knoxville Utilities Board Effectively Managed FEMA Public Assistance Grant Funds Awarded for Damages from Tornadoes and Severe Storms in April 2011	\$0	\$0	\$0

## Appendix 4

### Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs <sup>(a)</sup>	Unsupported Costs <sup>(b)</sup>	Funds to be Put to Better Use <sup>(c)</sup>
80. OIG-15-135-D	8/15	Napa County, California, Needs Additional Technical Assistance and Monitoring to Ensure Compliance with Federal Regulations	\$730,334	\$0	\$0
81. OIG-15-136-D	8/15	FEMA Should Recover \$929,379 of Hazard Mitigation Funds Awarded to St. Tammany Parish, Louisiana	\$929,379	\$320,108	\$0
82. OIG-15-137	8/15	Enhancements to Technical Controls Can Improve the Security of CBP's Analytical Framework for Intelligence	\$0	\$0	\$0
83. OIG-15-138	8/15	Accurate Reporting and Oversight Needed to Help Manage DHS' Warehouse Portfolio	\$0	\$0	\$1,008,000
84. OIG-15-139-D	8/15	Los Alamos County, New Mexico, Generally Accounted For and Expended FEMA Grant Funds Properly	\$0	\$0	\$0
85. OIG-15-140	9/15	DHS Can Strengthen Its Cyber Mission Coordination Efforts	\$0	\$0	\$0
86. OIG-15-141-D	9/15	FEMA Should Disallow \$2.78 Million of \$14.57 Million in Public Assistance Grant Funds Awarded to the Township of Brick, New Jersey, for Hurricane Sandy Damages	\$2,504,148	\$0	\$0
87. OIG-15-142-D	9/15	The Puerto Rico Department of Housing Did Not Properly Administer \$90.79 Million of FEMA Grant Funds Awarded for the New Secure Housing Program	\$68,092,152	\$1,824,229	\$0
88. OIG-15-143-D	9/15	Rock County, Minnesota, Highway Department Has Adequate Policies, Procedures, and Business Practices to Effectively Manage Its FEMA Public Assistance Grant Funding	\$0	\$0	\$0

## Appendix 4

### Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs <sup>(a)</sup>	Unsupported Costs <sup>(b)</sup>	Funds to be Put to Better Use <sup>(c)</sup>
89. OIG-15-144	9/15	(U) Review of DHS' Information Security Program for Intelligence Systems for Fiscal Year 2015	\$0	\$0	\$0
90. OIG-15-145-D	9/15	OIG Deployment Activities at FEMA's Joint Field Office in Charleston, West Virginia -Yeager Airport	\$0	\$0	\$0
91. OIG-15-146-D	9/15	Summary and Key Findings of Fiscal Year 2014 FEMA Disaster Grant and Program Audits	\$0	\$0	\$0
92. OIG-15-147-D	9/15	Asbury Park, New Jersey, Needs Assistance in Supporting More Than \$2 Million in FEMA Grant Funds for Hurricane Sandy Debris and Emergency Work	\$694,315	\$694,315	\$1,212,140
93. OIG-15-148-D	9/15	FEMA Should Recover \$4.2 Million of \$142.1 Million in Grant Funds Awarded to the City of Gulfport, Mississippi, for Hurricane Katrina Damages	\$4,202,857	\$0	\$0
94. OIG-15-149-D	9/15	FEMA Should Recover \$32.4 Million in Grant Funds Awarded to Riverside General Hospital, Houston, Texas	\$15,894,114	\$0	\$13,323,117
95. OIG-15-150	9/15	Transportation Security Administration's Passenger Screening Technologies and Processes at Airport Security Checkpoints	\$0	\$0	\$0
96. OIG-15-151-D	9/15	FEMA Should Recover \$2.0 Million in Unneeded Funds and Disallow \$1.2 Million of \$7 Million in Grant Funds Awarded to Spring Lake, New Jersey, for Hurricane Sandy	\$1,106,841	\$718,485	\$1,800,000
97. OIG-15-152-D	9/15	Mount Carmel Baptist Church in Hattiesburg, Mississippi, Needs Assistance to Ensure Compliance with FEMA Public Assistance Grant Requirements	\$0	\$0	\$9,920,025



## Appendix 4 Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs <sup>(a)</sup>	Unsupported Costs <sup>(b)</sup>	Funds to be Put to Better Use <sup>(c)</sup>
98. No Report Number	5/15	Secret Service - March 4th Incident	\$0	\$0	\$0
99. No Report Number	7/15	Management Advisory - The Transportation Security Administration's Failure to Address Two Recommendations to Improve the Efficiency and Effectiveness of Its Office of Inspection	\$0	\$0	\$0
100. No Report Number	9/15	Investigation into the Improper Access and Distribution of Information Contained Within a Secret Service Data System	\$0	\$0	\$0
		<b>Total</b>	<b>\$294,434,630</b>	<b>\$73,122,595</b>	<b>\$225,004,386</b>

### Report Number Abbreviations:

A report number ending with a "D" is a Disaster Relief Fund report.

A report number ending with "IQO" is an Integrity and Quality Oversight special report.

A report number ending with "MA" is a Management Alert or Advisory. These reports identify conditions that pose an immediate and serious threat.

A report number ending with "VR" is a Verification Review of an issued report or recommendation to verify DHS management has taken agreed upon corrective action.

### Notes and Explanations:

- (a) DHS OIG reports the Federal share, which ranged from 75 to 100 percent, of costs it questions. The Total Questioned Costs column includes the Federal share of all ineligible and unsupported costs reported.
- (b) The Unsupported Costs column is a subset of Total Questioned Costs and is shown separately as required by the *Inspector General Act*.
- (c) The Funds to be Put to Better Use column only includes the Federal share, which ranged from 75 to 100 percent, of our cumulative reported findings or recommendations.

## Appendix 5

### Schedule of Amounts Due and Recovered/Deobligated

Report Number	Date Issued	Report Title	OIG Recommended Recovery (Federal Share)	Amount DHS Agreed to Recover (Disallow)	Amount DHS Will Not Recover (Allowed)	Amount DHS Recovered/Deobligated
1. DS-12-12	7/18/2012	FEMA Public Assistance Grant Funds Awarded to the Alaska Department of Transportation and Public Facilities, Central Region, Anchorage, Alaska	\$1,524,118	\$0	\$1,467,199	\$56,919
2. OIG-13-51	3/22/2013	FEMA's Efforts to Recoup Improper Payments in Accordance with the Disaster Assistance Recoupment Fairness Act of 2011 (5)	\$130,157,926	\$241,492,376	\$0	\$305,183,025
3. OIG-14-115-D	7/21/2014	New York City's Department of Design and Construction Needs Assistance to Ensure Compliance with Federal Regulations	\$12,870,000	\$394,487	\$12,475,513	\$394,487
4. OIG-14-134-D	9/8/2014	FEMA's Efforts to Collect a \$23.1 Million Debt from the State of Louisiana Should Have Been More Aggressive	\$29,321,320	\$53,801,581	\$0	\$53,801,581
5. OIG-15-02-D	10/8/2014	FEMA Should Recover \$3 Million of Ineligible Costs and \$4.3 Million of Unneeded Funds from the Columbus Regional Hospital	\$3,740,622	\$540,622	\$0	\$3,740,622

## Appendix 5

### Schedule of Amounts Due and Recovered/Deobligated (continued)

Report Number	Date Issued	Report Title	OIG Recommended Recovery (Federal Share)	Amount DHS Agreed to Recover (Disallow)	Amount DHS Will Not Recover (Allowed)	Amount DHS Recovered/Deobligated
6. OIG-15-15-D	12/9/2014	Gulf Coast Mental Health Center, Mississippi, Generally Accounted for and Expended FEMA Public Assistance Grant Funds According to Federal Requirements	\$61,200	\$25,000	\$36,200	\$25,000
7. OIG-15-30-D	1/29/2015	The City of Loveland, Colorado, Could Benefit from Additional Assistance in Managing Its FEMA Public Assistance Grant Funding	\$12,979,232	\$0	\$0	\$12,979,232
8. OIG-15-34-D	2/13/2015	Larimer County, Colorado, Needs Assistance to Ensure Compliance with FEMA Public Assistance Grant Requirements	\$16,905,571	\$0	\$0	\$16,905,571
9. OIG-15-35-D	2/13/2015	FEMA Should Recover \$6.2 Million of Ineligible and Unused Grant Funds Awarded to the Imperial Irrigation District, California	\$1,885,758	\$1,885,758	\$0	\$1,885,758
10. OIG-15-37-D	2/20/2015	Gwinnett County, Georgia, Generally Accounted for and Expended FEMA Public Assistance Grant Funds According to Federal Requirements	\$65,406	\$65,406	\$0	\$65,406

**Appendix 5****Schedule of Amounts Due and Recovered/Deobligated (continued)**

<b>Report Number</b>	<b>Date Issued</b>	<b>Report Title</b>	<b>OIG Recommended Recovery (Federal Share)</b>	<b>Amount DHS Agreed to Recover (Disallow)</b>	<b>Amount DHS Will Not Recover (Allowed)</b>	<b>Amount DHS Recovered/Deobligated</b>
11. OIG-15-50-D	3/19/2015	Florida and the Palm Beach County School District Did Not Properly Administer \$7.7 Million of FEMA Grant Funds Awarded for Hurricane Jeanne Damages	\$130,631	\$130,631	\$0	\$130,631
12. OIG-15-67-D	4/14/2015	The Port Authority of New York and New Jersey's Recently Updated Policies, Procedures, and Business Practices Should Be Adequate to Effectively Manage FEMA Public Assistance Grant Funds	\$191,700,000	\$191,700,000	\$0	\$191,700,000
13. OIG-15-90-D	5/7/2015	FEMA Should Recover \$2.75 Million of \$16.9 Million in Public Assistance Grant Funds Awarded to the Borough of Seaside Heights, New Jersey	\$3,429,544	\$3,429,544	\$0	\$3,429,544
14. OIG-15-99-D	6/5/2015	Boulder County, Colorado, Has Adequate Policies and Procedures to Manage Its Grant, but FEMA Should Deobligate about \$2.5 Million in Unneeded Funds	\$1,862,372	\$1,862,372	\$0	\$1,862,372

## Appendix 5

### Schedule of Amounts Due and Recovered/Deobligated (continued)

Report Number	Date Issued	Report Title	OIG Recommended Recovery (Federal Share)	Amount DHS Agreed to Recover (Disallow)	Amount DHS Will Not Recover (Allowed)	Amount DHS Recovered/Deobligated
15. OIG-15-106-D	6/17/2015	Dixie Electric Membership Corporation, Greenwell Springs, Louisiana, Generally Accounted for and Expended FEMA Grant Funds Properly	\$27,774	\$27,774	\$0	\$27,774
16. OIG-15-109-D	6/24/2015	Kansas and the Unified School District #473 in Chapman, Kansas, Did Not Properly Administer \$50 Million of FEMA Grant Funds	\$214,295	\$214,295	\$0	\$214,295
17. OIG-15-127-D	8/20/2015	Jefferson Parish, Louisiana, Generally Accounted for and Expended FEMA Grant Funds Properly	\$97,111	\$97,111	\$0	\$97,111
<b>Audit Report Total</b>						\$592,499,328
<b>Investigative Recoveries<sup>(a)</sup></b>	4/2015 - 9/2015					\$15,839,305
		<b>Totals</b>	<b>\$406,972,880</b>	<b>\$495,666,957</b>	<b>\$13,978,912</b>	<b>\$608,338,633</b>

#### Report Number Abbreviations:

OIG-XX-XX-D      Disaster Relief Fund Report  
 DS-XX-XX        Disaster Assistance Audit, Oakland Office

#### Notes and Explanations:

(a) Recoveries other than administrative cost savings, which resulted from investigative efforts

## Appendix 6<sup>2</sup>

### Contract Audit Reports

Report Category	Questioned Costs	Unsupported Costs	Disallowed Costs
We processed no contract audit reports meeting the criteria of the <i>National Defense Authorization Act for FY 2008</i> during the reporting period April 1, 2015, – September 30, 2015.	N/A	N/A	N/A

<sup>2</sup> The *National Defense Authorization Act for FY 2008* requires that we list all contract audit reports issued during the reporting period containing significant audit findings; briefly describe the significant audit findings in the report; and specify the amounts of costs identified in the report as unsupported, questioned, or disallowed. This act defines significant audit findings as unsupported, questioned, or disallowed costs in excess of \$10 million or other findings that the Inspector General determines to be significant. It defines contracts as a contract, an order placed under a task or delivery order contract, or a subcontract.

## Appendix 7

# Peer Review Results

Section 5(a) (14)–(16) of the *Inspector General Act of 1978*, as amended, requires OIGs to include in their semiannual reports certain information pertaining to peer reviews of or conducted by an OIG during and prior to the current reporting period.

### ***Peer Review of DHS OIG Audit Operations***

Our audit offices received a peer review rating of “pass” as a result of our latest peer review completed by the DOJ OIG in June 2015, for the FY ending September 30, 2014. We implemented all recommendations made by DOJ OIG.

### ***Peer Review of DHS OIG Investigative Operations***

Our Office of Investigations received a peer review rating of “compliant” in September 2013, as a result of a review completed by DoD OIG. We continue to work towards final implementation of all recommended policies and procedures.

## Appendix 8

# Acronyms and Abbreviations

AFI	Analytical Framework for Intelligence
AIT	Advanced Imaging Technology
BPA	Border Patrol Agent
CBP	U.S. Customs and Border Protection
CERTS	Cargo Enforcement Reporting and Tracking System
CIGIE	Council of Inspectors General on Integrity and Efficiency
DHS	Department of Homeland Security
DIA	Defense Intelligence Agency
DNDO	Domestic Nuclear Detection Office
DoD	Department of Defense
DOJ	Department of Justice
DOT	Department of Transportation
EAD	Employment Authorization Document
EMO	Office of Emergency Management Oversight
ERO	Enforcement and Removal Operation
FBI	U.S. Federal Bureau of Investigation
FEMA	Federal Emergency Management Agency
FLETC	Federal Law Enforcement Training Center
FY	fiscal year
HIPAA	<i>Health Insurance Portability and Accountability Act of 1996</i>
HMGP	Hazard Mitigation Grant Program
HSI	ICE Homeland Security Investigations
HUD	U.S. Department of Housing and Urban Development
I&A	Office of Intelligence and Analysis
I&E	Office of Inspections and Evaluations
ICE	U.S. Immigration and Customs Enforcement
INV	Office of Investigations
IPERA	<i>Improper Payments Elimination &amp; Recovery Act of 2010</i>
IQO	Office of Integrity and Quality Oversight
IT	information technology
ITA	Office of Information Technology Audits
JFO	Joint Field Office
KPMG	KPMG LLP
MGMT	Directorate for Management
NPPD	National Protection and Programs Directorate
OA	Office of Audits
OIG	Office of Inspector General
OOI	Office of Inspection
OPC	Offshore Patrol Cutter
PHI	protected health information
RATB	Recovery Accountability and Transparency Board
RM&A	Risk Management and Assurance Division
S&T	Science and Technology
SCOPS	USCIS Service Center Operations
SPII	sensitive personally identifiable information
TSA	Transportation Security Administration
(U)	Unclassified
UAS	unmanned aircraft system
U.S.	United States
USCG	United States Coast Guard
USCIS	U.S. Citizenship and Immigration Services



## Appendix 9

# OIG Contacts and Locations

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John McCoy	Assistant Inspector General/Integrity and Quality Oversight
Andrew Oosterbaan	Assistant Inspector General/Investigations
Louise McGlathery	Assistant Inspector General/Management

## Appendix 10

# Index to Reporting Requirements

The specific reporting requirements described in the *Inspector General Act*, including Section 989C of the *Dodd-Frank Wall Street and Consumer Protection Act of 2010*, are listed below with a reference to the pages on which they appear.

Requirement:	Pages
Review of Legislation and Regulations	43
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## **Additional Information:**

To view this and any of our other reports, please visit our website at:  
[www.oig.dhs.gov](http://www.oig.dhs.gov).

For further information or questions, please contact Office of Inspector General (OIG) Office of Public Affairs at: DHS\_OIG.OfficePublicAffairs@oig.dhs.gov, or follow us on Twitter at: @dhsoig.

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To expedite the reporting of alleged fraud, waste, abuse or mismanagement, or any other kinds of criminal or noncriminal misconduct relative to Department of Homeland Security (DHS) programs and operations, please visit our website at [www.oig.dhs.gov](http://www.oig.dhs.gov) and click on the red tab titled "Hotline" to report. You will be directed to complete and submit an automated DHS OIG Investigative Referral Submission Form. Submission through our website ensures that your complaint will be promptly received and reviewed by DHS OIG.

Should you be unable to access our website, you may submit your complaint in writing to: DHS Office of Inspector General, Attention: Office of Investigations Hotline, 245 Murray Lane SW, Mail Stop 0305, Washington, DC 20528 0305; or you may call 1 (800) 323 8603; or fax it directly to us at (202) 254 4297.

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