



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security
Countering Terrorism



SEMIANNUAL REPORT TO THE CONGRESS

April 1, 2014, through September 30, 2014

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, 2014, to September 30, 2014. We also include the status of our prior reports and recommendations to the Department. Please see appendixes for a list of the reports issued this period and the status of prior recommendations.

Statistical Highlights of DHS OIG Activities

April 1, 2014, through September 30, 2014

Dollar Impact

Questioned Costs	\$59,424,677
Funds Put to Better Use	\$898,468,917
Management Agreement That Funds Be Recovered/Deobligated from Audits	\$3,669,424
Funds Recovered/Deobligated (from audits and investigations)	\$32,743,847
Funds Recovered/Deobligated from Audits	\$31,946,359
Recoveries from Investigations	\$797,488
Fines	\$230,374
Restitutions	\$4,260,748

Activities

Reports Issued	96
Management Reports to DHS	57
Disaster Relief Fund Reports to DHS	36
Joint Intelligence Community (IC) Report to IC Agencies	1
Inspections of Detention Centers Housing Unaccompanied Alien Minors to DHS	2
Investigative Reports Issued	355
Investigations Initiated	326
Investigations Closed	380
Open Investigations	833
Investigations Referred for Prosecution	161
Investigations Accepted for Prosecution	56
Investigations Declined for Prosecution	111
Arrests	61
Indictments	42
Convictions	56
Personnel Actions	20
Total Complaints Received	9,031
Complaints Referred (to programs or other agencies)	7,350
Complaints Closed	8,479



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

October 31, 2014

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 our activities and accomplishments for the last six months. This report's theme is countering terrorism — one of DHS' core missions — but it also highlights the good work of our entire office:

- A joint report with three other Offices of Inspector General that focused agencies' attention on countering terrorism through information sharing to prevent events such as the Boston Marathon bombings.
- A series of reports on CBP's efforts to handle the influx of unaccompanied children crossing the border. Unlike our traditional reports, we issued these in near real time, ensuring Department leadership, Congress, and the public of immediate, meaningful oversight and enabling the Department to take immediate corrective action.
- In our program audits, reports addressing the Department's preparation for pandemics, the Domestic Nuclear Detection Office's security posture against the risks posed by trusted insiders, and the effectiveness of the Visa Security Program.
- In our continuing focus on the Department's management of acquisitions, grants, and other resources, reports on acquiring CBP housing in Arizona, DHS' management of its vehicle fleet, CBP's determination of its staffing needs, FEMA grant funding and grant management practices, and ICE's management of its worker's compensation program, among others.

We have implemented several initiatives to increase the transparency of our work. This includes publishing a list of ongoing work, as well as the work we plan to conduct in the upcoming year, and a list of open recommendations over six months old that require Department action. Since our last semiannual report, the Department reduced the number of open recommendations from 847 to 736. I would like to commend the work of your audit liaison staff in working with us to continue reducing that number.

As in the past, the men and women of the Office of Inspector General will continue to concentrate on the areas of greatest risk to the Department and work diligently to improve the integrity of Department programs and operations.

Sincerely,

John Roth
Inspector General

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Office of Inspector General Accomplishments

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 96 reports, including reports on management and disaster relief fund spending, (appendix 4), as well as 355 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 \$59,424,677, of which \$2,679,489 did not have supporting documentation. As a result of disallowed costs identified in current and previous audit reports and investigations, the Department recovered or deobligated \$32,743,847 (appendix 5). We issued 14 reports identifying \$898,468,917 in

funds that could be put to better use. We initiated 326 and closed 380 investigations. Our investigations resulted in 61 arrests, 42 indictments, 56 convictions, and 20 personnel actions. Additionally, we reported \$5,288,610 in recoveries, fines, and restitutions from investigations.

We made 256 recommendations that, if implemented, should improve the Department's programs and operations, and we closed 367 recommendations. We will continue to encourage the Department to take timely corrective actions to address our findings and recommendations, particularly the 736 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. The Inspector General testified before Congress three times during this reporting period. We provide hearing testimony at www.oig.dhs.gov.

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 the Inspector General, who is subject to confirmation by the Senate and issues reports directly to the DHS Secretary and Congress. The *Inspector General Act* ensures OIG's independence. This 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 Integrity and Quality Oversight (IQO) |
| Office of Audits (OA) | Office of Investigations (INV) |
| Office of Counsel | Office of Legislative Affairs |
| Office of Emergency Management Oversight (EMO) | Office of Management |
| Office of Information Technology Audits (ITA) | Office of Public Affairs |
| Office of Inspections (ISP) | |

DHS and OIG became operational on January 24, 2003. On March 1, 2003, under the President's reorganization plan, 22 agencies and about 181,000 employees were transferred to the new Department.

DHS is organized into the following components and offices:

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

SUMMARY OF SIGNIFICANT OFFICE OF INSPECTOR GENERAL ACTIVITY



COUNTERING TERRORISM AND OTHER THREATS

REPORTS

Information Sharing Prior to the April 15, 2013 Boston Marathon Bombings

At the request of the Intelligence Community Inspectors General Forum and with the support of the Director of National Intelligence, the Inspectors General of the Intelligence Community, the Central Intelligence Agency, the Department of Justice, and DHS conducted a joint review of the U.S. Government's handling of intelligence and law enforcement information prior to the Boston Marathon bombings. The objectives of the joint review were to:

1. identify information about the Tsarnaev family that was available to the Government prior to the Boston Marathon bombings;
2. determine whether the Government's information sharing was complete, accurate, and in compliance with U.S. policies, regulations, and laws; and
3. assess whether there are weaknesses in procedures that impact the Government's ability to detect threats to national security.

We determined that Federal agencies generally adhered to policies and procedures for sharing and handling information related to the Tsarnaev family. Three DHS components had significant exposure to the family: USCIS, TSA, and CBP. We concluded that, with one exception, USCIS followed policies and procedures when it adjudicated the family's immigration benefits. The single procedural oversight we identified did not impact the Government's ability to detect a nexus to terrorism. Additionally, TSA and CBP appropriately screened Tamerlan Tsarnaev when he travelled. We also found that a CBP officer detailed to the Federal Bureau of Investigation (FBI) Boston Joint Terrorism Task Force (JTTF) assisted an FBI JTTF Special Agent by entering a record on Tamerlan Tsarnaev into the CBP database, TECS. We concluded that it appeared the CBP Officer adhered to procedures, but we recommended that the FBI and DHS clarify the

circumstances under which the display status of TECS records should change.

Two recommendations were issued, one of which applied to DHS. That recommendation directs CBP and FBI to clarify when and under what circumstances JTTF personnel may change the display status of a TECS record. The other recommendation directs the FBI to consider sharing threat information with state and local partners more proactively and uniformly. (OIG-14-IC Joint Report, June 2014, ISP)

Domestic Nuclear Detection Office Has Taken Steps to Address Insider Threat, but Challenges Remain

DNDO has taken steps to address and mitigate insider risk. Specifically, the DHS Acting Under Secretary of Intelligence and Analysis established an Insider Threat Task Force to develop a program to address the risk of insider threats for DHS, including DNDO. In addition, DHS I&A has detailed a counterintelligence officer to DNDO to help mitigate espionage-related insider risks. The DHS I&A routinely briefs DNDO on counterintelligence awareness, including insider threat indicators. In addition, DNDO provides security awareness training to its employees and contractors on security-related topics that could help prevent or detect insider risk. In September 2013, the DHS Office of the Chief Security Officer began a comprehensive vulnerability assessment of DNDO assets, which includes identifying insider risks and vulnerabilities. The DHS Security Operations Center monitors DNDO information systems and networks to respond to potential insider-based incidents. Finally, the DHS Special Security Programs Division handles and investigates security incidents, including those types attributable to malicious insiders.

Despite these efforts, additional steps are needed to address insider risk at DNDO. Specifically, DNDO needs to implement insider threat procedures that define roles and responsibilities for addressing insider risks to unclassified networks and systems. DNDO also needs to provide documentation that clearly shows the effectiveness of controls or processes in place to detect and

respond to unauthorized data exfiltration from DNDO unclassified information technology (IT) assets via email services provided by the DHS Office of the Chief Information Officer (OCIO). DNDO can also strengthen processes and controls for its own technology infrastructure. We made five recommendations to improve DNDO's security posture against the risk posed by trusted insiders. (OIG-14-113, July 2014, ITA)

DHS Has Not Effectively Managed Pandemic Personal Protective Equipment and Antiviral Medical Countermeasures

We conducted an audit of DHS' pandemic preparedness efforts to determine whether DHS effectively manages its pandemic preparedness supply of personal protective equipment and antiviral medical countermeasures. We determined DHS did not adequately conduct a needs assessment and did not effectively manage its pandemic preparedness supplies of pandemic personal protective equipment and antiviral medical countermeasures as part of pandemic preparations. As a result, the Department cannot ensure it has sufficient personal protective equipment and antiviral medical countermeasures for a pandemic response. In addition, we identified concerns related to oversight of antibiotic medical countermeasures. We made 11 recommendations that should strengthen program management, performance, and oversight; the Department concurred with all our recommendations. (OIG-14-129, August 2014, OA)

Audit of Security Controls for DHS Information Technology Systems at Dallas/Fort Worth International Airport

We audited DHS and its components' information system security controls at Dallas/Fort Worth International Airport. Specifically, we addressed how TSA, CBP, and ICE had implemented computer security operational, technical, and management controls for their IT assets at this site. We performed onsite verification and validation of operational security controls, the technical security controls implemented on their servers, as well as applicable DHS policies, procedures, and other appropriate documentation. We briefed the

DHS Chief Information Security Officer and the components on the results of our audit. TSA concurred with six of its seven recommendations. CBP concurred with its four recommendations. ICE concurred with its eight recommendations. TSA and ICE also provided documentation to support resolution and closure of one of TSA's recommendations and two of ICE's recommendations. (OIG-14-132, September 2014, ITA)

The DHS Visa Security Program

The DHS Visa Security Program is intended to prevent terrorists, criminals, and other ineligible applicants from receiving visas. DHS assigns special agents with expertise in immigration law and counterterrorism to U.S. diplomatic posts overseas to perform visa security activities. We reviewed the program's effectiveness in preventing ineligible applicants from receiving U.S. visas; DHS' annual reporting to Congress on the program's expansion; and the efforts to expand the program to additional overseas posts, including the potential impact of a new initiative, the Pre-Adjudicated Threat Recognition and Intelligence Operations Team. ICE is required to employ mechanisms that measure and accurately report the program's performance to determine its value. However, current performance measures for the Visa Security Program do not include key aspects to determine its effectiveness. In addition, ICE has not taken actions to ensure that (1) data needed to assess program performance is collected and reported; (2) consular officers receive appropriate advice and training; and (3) Visa Security Program hours are tracked and used to determine staffing and funding needs. Without these types of information, ICE cannot ensure that the Visa Security Program is operating as intended. DHS has consistently delivered their annual reports to Congress late, reducing their usefulness. ICE should take appropriate steps to ensure that Congress receives future reports in a timely manner. To date, ICE has established only 20 visa security units. Congressional leaders have repeatedly expressed concerns that the program has not expanded to more visa-issuing posts. ICE's responses to these concerns have stressed funding challenges, a limited number of trained

special agents, and Department of State challenges to make space and provide support for DHS' overseas presence. We made 10 recommendations to improve the Visa Security Program. DHS concurred with each of the recommendations. (OIG-14-137, September 2014, ISP)

Enhancements in Technical Controls and Training Can Improve the Security of CBP's Trusted Traveler Programs

CBP employs radio frequency identification (RFID) technology in its Trusted Traveler Programs (TTP) to allow pre-screened travelers expedited processing at designated ports of entry. CBP maintains the integrity of TTP through a stringent screening process that includes automated searches against multiple law enforcement databases, 24-hour system checks to verify status of enrolled travelers, and random selections of registered travelers for secondary inspection. CBP developed a TTP handbook that includes procedures for inspecting travelers at the ports of entry and policies for enrolling travelers into TTP. To reduce the risk of theft of personally identifiable information, CBP stores a unique identification number embedded in TTP cards and locks the RFID memory chip to prevent modification of stored data.

Although CBP has taken actions to secure travelers' personally identifiable information, including safeguards to lessen the risks associated with using RFID technology, we identified deficiencies in other areas of TTP that need improvement. Specifically, we identified deficiencies in CBP's implementation of DHS' Baseline Configuration settings. Also, personnel overseeing TTP systems have not received the required specialized training annually. Management concurred with both of our recommendations. (OIG-14-139, September 2014, ITA)

Vulnerabilities Exist in TSA's Checked Baggage Screening Operations

We identified vulnerabilities in TSA's checked baggage screening. We also noted that TSA does not have a process in place to assess or identify the cause for equipment-based test failures or the capability to assess independently whether

deployed explosive detection systems are operating at the correct detection standards. The compilation of the number of tests conducted, the names of airports tested, and test results are classified, or designated as Sensitive Security Information. We made five recommendations that, when implemented, should increase the effectiveness of the checked baggage screening process. TSA concurred with the recommendations. (OIG-14-142, September 2014, OA)

INVESTIGATIONS

TSA Transportation Security Officer Smuggles Aliens

We investigated a TSA Transportation Security Officer who joined with members of the public in a scheme to smuggle Brazilian nationals through an international airport. For his role, the Transportation Security Officer was sentenced to 10 months' incarceration, followed by 36 months of supervised release. Four of his conspirators were sentenced to 12 months' incarceration, followed by 36 months of supervised release; 10 months' incarceration, followed by 36 months of supervised release; 8 months' incarceration, followed by 24 months of supervised release; and 24 months of probation, respectively.

Man Impersonates United States Coast Guard Service Member

We investigated a private citizen who falsely portrayed himself as member of the USCG. When invited aboard an acquaintance's vessel for a recreational boating trip, he arrived at the marina wearing a faux USCG uniform, a law enforcement-type badge, and a firearm. Once underway, he announced that he was "commandeering" the boat and began to perform safety checks on other nearby recreational boaters. Our investigation revealed that the individual had a history of impersonating law enforcement officers, including one instance in which he detained two minors at their residence, at one point drawing a firearm. We also found that he obtained a firearms permit by use of an altered USCG discharge document. He was sentenced to 12 months and 1 day of incarceration, followed by 12 months of supervised release. This was a joint investigation with the USCG Investigative Service and local police departments.

Man Alters Merchant Marine License

We investigated the pilot of a commercial tug boat involved in a grounding accident. Our investigation determined that the pilot had been using an altered USCG-issued Merchant Marine License and that he had falsely presented himself as a commercial merchant marine captain to the USCG and various marina owners. He was sentenced to 84 months' incarceration, followed by 36 months of supervised release.

United States Coast Guard Civilian Murders Coworkers

With the FBI and the USCG Investigative Service, we investigated a USCG civilian employee who murdered two co-workers, an active-duty USCG Petty Officer, and a retired USCG Chief Petty Officer. The victims were found shot to death at their place of employment, a USCG Communications Station. The civilian employee was sentenced to life in prison after having been found guilty by a jury of first degree murder and related charges.

ENHANCING BORDER SECURITY AND IMMIGRATION ENFORCEMENT

REPORTS***ICE's Release of Immigration Detainees***

In February and March 2013, media sources reported ICE released hundreds of immigration detainees, including detainees with criminal convictions. The publicized releases occurred the weekend before sequestration went into effect on March 1, 2013, generating speculation that the releases were improperly motivated. Senators Tom A. Coburn and John S. McCain requested we review the Department's actions. We reviewed: (1) the circumstances of and reasons for the release of the detainees, including how much money ICE or DHS thought it would save through the release; (2) the selection criteria and process used to identify detention centers and detainees for the release, including the specific criminal background of each detainee released; (3) whether

ICE accurately applied its selection criteria and processes to the immigration detainee population; and (4) whether ICE received guidance or directives about the timing or nature of the release from the Executive Office of the President.

We determined the execution of the releases was problematic. Insufficient ICE executive leadership planning and limited engagement with its Enforcement and Removal Operations field offices contributed to the timing and number of alien releases. Prior to the detainee releases, ICE executive leadership did not communicate effectively with Enforcement and Removal Operations and did not inform DHS leadership or the Executive Office of the President about the budget shortfall. In addition, ICE did not notify the DHS Secretary about plans to release aliens as a remedy for the budget shortfall. We made four recommendations to improve ICE's detention management. (OIG-14-116, July 2014, ISP)

U.S. Customs and Border Protection's Workload Staffing Model

We conducted an audit of CBP's Office of Field Operations' Workload Staffing Model (WSM) to determine its reliability in establishing the number of CBP Officers (CBPO) needed to fulfill mission requirements. CBP's WSM includes a sound methodology to determine its CBPO staffing needs and identify staffing shortages. However, the results of the WSM may not be accurate because CBP cannot ensure that the data entered into the model is reliable. CBP also does not have adequate internal controls over the model. Specifically, CBP's Office of Field Operations does not (1) catalog, track, and validate all data and systems used in workload calculations; (2) systematically approve changes and additions to the WSM; and (3) have written policies and procedures on developing and using the model. In its December 2013 *Strategy and Action Plan (2014-2017)*, CBP acknowledges concerns about data from other systems used in the WSM. CBP has contracted to automate the model, which should address the issues we identified. Improving data reliability and strengthening internal controls over the WSM would help CBP ensure that its budget requests accurately reflect CBPO staffing needs. CBP

concluded with all three of our recommendations, which when implemented, should strengthen internal controls over the WSM and improve its results. (OIG-14-117, July 2014, OA)

Oversight of Unaccompanied Alien Children

We issued two reports to the DHS Secretary about our unannounced site visits at CBP's temporary holding facilities' for unaccompanied alien children (UAC) on the southern border. We performed these inspections to determine the conditions of detention for UACs in DHS custody. We conducted 87 unannounced site visits in 63 locations, including CBP ports of entry, U.S. Border Patrol checkpoints, stations, and holding facilities; ICE detention centers; and FLETC in Artesia, New Mexico. Most facilities were compliant with UAC laws, regulations, and policies. We also initiated investigations of complaints of civil rights civil liberties violations. Investigations of these allegations are ongoing. However, we did not observe misconduct or inappropriate conduct by DHS employees during our unannounced site visits and we did not receive new civil rights civil liberties complaints. We made no formal recommendations but provided suggestions to ICE and CBP for improving (1) information provided to UACs about their rights and responsibilities related to health and safety issues and (2) conditions in the facilities. (No report numbers were issued, July 2014 and August 2014, INV/ISP)

INVESTIGATIONS

CBPO Falsifies Immigration Data

We investigated a CBPO who accepted payments to enter fraudulent immigration information into an official database. The information falsely made it appear as if nonimmigrants who had entered the United States had departed within required time limits and according to the terms of their permission, and then properly returned to the United States, thus maintaining their status. He was sentenced to 6 months' incarceration, followed by 36 months of supervised release, and fined \$2,000. This was a joint investigation with ICE's Office of Professional Responsibility.

USCIS Contract Employee Steals Forms

We investigated a contract employee for USCIS who was stealing immigration forms from the warehouse where he worked and selling them in furtherance of a criminal conspiracy that helped to obtain hundreds of false driver's licenses for individuals in various states. He was sentenced to 26 months' incarceration, followed by 24 months of supervised release, and fined \$4,000.

Brothers Conspire to Smuggle Drugs

As a part of the Organized Crime Drug Enforcement Task Force, we investigated a CBPO who was allegedly conspiring with her two brothers to smuggle narcotics across the border. Our investigation led to arrest warrants for the two brothers, who were Lawfully Admitted Permanent Residents of the United States. They were both taken into custody as they re-entered the United States from Mexico. The brothers were both sentenced to 120 months incarceration, followed by 60 months' of supervised release.

Law Enforcement Officers Join Narcotics Traffickers

As a part of a Border Corruption Task Force, we investigated allegations that a local police officer in a border community who was detailed to an ICE narcotics task force was assisting in the smuggling of narcotics. The investigation revealed that an entire specialized law enforcement unit, which had been designed to interrupt the narcotics trade, was deeply involved in smuggling and other illegal activities. The unit had used its law enforcement position to escort drug shipments, otherwise assist a drug trafficking organization, and gain warrantless entry into residences and vehicles to steal drugs that were then sold. The eight law enforcement officers involved were sentenced to periods of incarceration of 168 months; 204 months; 120 months; 140 months; 96 months; 120 months; 156 months; and 144 months, respectively. All of the periods of incarceration are to be followed by 48 months of supervised release.

ICE Contract Detention Officer Sells Drugs

Using undercover drug buys and confidential informants, we investigated a corrections officer at an ICE contract detention facility who was supplying illegal prescription medication that he knew was being smuggled inside the facility and sold to detainees. The officer was sentenced to 12 months imprisonment, followed by 60 months' of supervised release.

TSA Transportation Security Officer Falsifies Immigration Application

We investigated a Transportation Security Officer whose immigration and naturalization documentation presented inconsistencies. Our investigation revealed that the officer fraudulently represented that he was married to a U.S. citizen on his immigration application, allowing him to acquire U.S. citizenship. He was sentenced to 36 months of probation and revocation of his U.S. naturalization.

Man Uses False Identity for 37 Years

We investigated a man who illegally re-entered the United States after deportation and upon finding the wallet of a legally admitted U.S. resident in an agricultural field, assumed the identity of the wallet's owner for about 37 years, during which time he obtained other identification documents, created a work history, and purchased a home. He also used the identity to obtain a TSA Transportation Worker Identification Credential card to work in restricted areas of a port. He was sentenced to 24 months' incarceration. When contacted, the proper owner of the wallet recalled losing it in 1976, but said he had not noticed problems with his identity until around 1998. At one point, he reported that he was the victim of identity theft, but nothing ever came of the report.

TSA Supervisor Assists Drug Smugglers

We joined the FBI, Drug Enforcement Administration, and ICE Homeland Security Investigations to investigate a TSA Supervisory Transportation Security Officer who was actively assisting a criminal organization in smuggling cocaine at an international airport. He was sentenced to 87 months' imprisonment, followed by 24 months of supervised release.

SECURING CYBERSPACE AND INFORMATION TECHNOLOGY ASSETS

REPORTS

Radio Frequency Identification Security at USCIS Is Managed Effectively, But Can Be Strengthened

USCIS has effectively managed the implementation of RFID technology by establishing an IT infrastructure to secure personal information and implementing safeguards to minimize the risk of using RFID-enabled permanent resident cards. For example, USCIS has granted its card production system the authority to operate, evaluated privacy implications of using the system, and ensured that no personal data is transmitted by permanent resident cards. However, we made three recommendations to the USCIS Chief Information Officer (CIO) to expedite system integration to ensure security updates are deployed timely, perform periodic assessments of security controls, and ensure that system users receive privacy awareness training annually. USCIS concurred with all three recommendations. (OIG-14-99, May 2014, ITA)

U.S. Citizenship and Immigration Services Information Technology Management Progress and Challenges

We determined that the USCIS CIO has established key IT management capabilities to support USCIS' mission. Specifically, the CIO created a draft IT strategic plan, developed an enterprise architecture, implemented IT acquisition review and systems engineering life cycle processes, and led the advancement of agile methodologies for software development. The CIO still faces challenges, however, in coordinating across internal divisions. The CIO also faces challenges in ensuring that the IT environment fully supports USCIS' mission needs. Specifically, the systems do not fully provide desired functionality, and system reliability is also a challenge. Limited functionality and reliability stem from challenges with infrastructure planning. As a result, the processing of benefits is delayed, and USCIS customers may have to wait longer for a decision on their applications for benefits. In

addition, staff members are not always sure which systems to use or which systems are available to perform specific job functions. Thus, staff may not be accessing information that is available to make informed decisions on adjudication of benefits, and the staff's ability to carry out USCIS' mission may be hampered. We recommended that the CIO finalize the IT strategic plan, develop a plan to address senior level staffing vacancies, coordinate with system owners to ensure users are provided with adequate training, and develop a plan to refresh outdated IT infrastructure. USCIS concurred with the recommendations. (OIG-14-112, July 2014, ITA)

Implementation Status of the Enhanced Cybersecurity Services Program

NPPD has made progress in expanding the Enhanced Cybersecurity Services program, which is a voluntary program between DHS and participating commercial service providers and operational implementers to share unclassified, sensitive, and classified indicators of malicious cyber activity. Specifically, 22 companies have signed memorandums of agreement to join the program. Further, NPPD has established the procedures and guidance required to carry out key tasks and operational aspects of the program, including an in-depth security validation and accreditation process. NPPD has also addressed the privacy risk associated with the program by developing a Privacy Impact Assessment. Finally, NPPD has engaged sector-specific agencies and government-furnished information providers to expand the program and has developed reporting and metric capabilities to monitor the program. However, NPPD needs to take actions to expand the program further to provide all 16 critical infrastructure sectors with cyber threat indicators. Specifically, NPPD must ensure sufficient resources are available for the timely completion of the security validation and accreditation process for all program participants. In addition, NPPD must improve outreach efforts across all 16 critical infrastructure sectors, including commercial service providers. Finally, NPPD must develop a system to manage and analyze both sensitive and classified cyber threat indicators for the Enhanced Cybersecurity Services program. NPPD concurred with the recommendations. (OIG-14-119, July 2014, ITA)

(U)¹ Review of DHS' Information Security Program for Intelligence Systems for Fiscal Year 2014

Since our 2013 review, I&A continues to provide effective oversight of the department-wide security program for Top Secret/Sensitive Compartmented Information intelligence systems. For example, I&A has updated its policies and procedures, including the publication of *DHS Sensitive Compartmented Information Systems Policy Directive 4300C*. Additionally, I&A has implemented strong configuration management controls for DHS' Classified Local Area Network. The USCG has relocated its headquarters to DHS' St. Elizabeth's Campus and migrated its intelligence system into a new system. We identified deficiencies in I&A's incident response and reporting and contingency planning, as well as in the USCG's continuous monitoring, configuration management, security training, risk management, and contingency planning. (OIG-14-135, September 2014, ITA)

PROMOTING DISASTER RESILIENCE

REPORTS

FEMA and the State of Louisiana Need to Accelerate the Funding of \$812 Million in Hazard Mitigation Program Funds and Develop a Plan to Close Approved Projects

FEMA obligated \$1.35 billion of the \$2.16 billion authorized for the State of Louisiana under Hurricane Katrina (August 2005) through Tropical Storm Lee (October 2011) to fund mitigation projects. As of March 2014, our audit cutoff date, FEMA had not obligated approximately \$812 million of the authorized Hazard Mitigation Grant Program (HMGP) funds. Additionally, FEMA did not enforce project submissions and funding deadlines and had not established project completion timeframes. We recommended that FEMA (1) establish a reasonable timeframe for Louisiana to provide remaining data for projects previously submitted for FEMA to make funding determinations;

¹ U – The report is classified but the summary presented is unclassified.

(2) ensure that Louisiana develops and implements a comprehensive strategy to meet FEMA's timeframe for submitting remaining project data for all incomplete HMGP applications; (3) de-allocate all remaining unobligated funds after making funding determinations; and (4) ensure that Louisiana develops and implements a comprehensive strategy to close all HMGP projects. (OIG-14-150-D, September 2014, EMO)

States' Management of Homeland Security Grant Program Awards

These audits are mandated by Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, to determine whether states and urban areas have distributed and spent State Homeland Security Program (SHSP) grant funds effectively and efficiently, and in compliance with laws and regulations, state homeland security strategies, and other applicable plans. We also addressed the extent to which funds awarded enhanced the ability of the states' grantees to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters. If implemented, our recommendations should strengthen program management, performance, and oversight of the program. FEMA is taking or planning to take corrective actions to implement all of our recommendations.

■ ***Idaho's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012***

FEMA awarded Idaho about \$14.5 million in SHSP grants for fiscal years (FY) 2010 through 2012. In most instances, Idaho distributed, administered, and spent SHSP grant funds in compliance with Federal laws and regulations. However, Idaho could improve its grant oversight, progress measures for preparedness improvements, and the timeliness of obligating grant funds. FEMA concurred with all four of our recommendations. (OIG-14-61, March 2014, OA)

■ ***Alaska's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012***

FEMA awarded Alaska about \$14.6 million in SHSP grants for FYs 2010 through 2012. The State complied with FEMA guidance by linking its homeland security strategy goals and objectives to the DHS mission areas. We identified the State's subgrantee application and award processes as best practices. However, Alaska can improve its homeland security strategies by including target levels of performance and the means to measure progress toward enhancing preparedness. The State needs to ensure that 80 percent of grant funds are obligated to local jurisdictions, improve compliance with procurement procedures and documentation requirements, strengthen its subgrantee monitoring by updating its policies and processes, and ensure that updates to policies and manuals include a list of changes. FEMA concurred with our six recommendations to initiate improvements. (OIG1462, April 2014, OA)

■ ***Iowa's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012***

FEMA awarded Iowa about \$14.6 million in SHSP grants for FYs 2010 through 2012. We determined that Iowa can improve its grant management practices by ensuring that all procurements are awarded competitively according to the Code of Federal Regulations, obligating grant funds within the required time period, improving its monitoring of subgrantees, and ensuring that subgrantees maintain complete property records. Iowa awarded contracts valued at \$256,634 without competition. FEMA concurred with our five recommendations. (OIG-14-81, April 2014, OA)

■ ***Alabama's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012***

FEMA awarded Alabama about \$20.5 million in SHSP grants from FYs 2010 through 2012. In most cases, Alabama used grant funds according to the law and program guidance.

However, Alabama did not obligate 80 percent of funds to local units of government, have a current strategy, measure preparedness, or always follow a control for approving expenditures. FEMA concurred with our six recommendations to improve the State's oversight and procedures. (OIG-14-87, May 2014, OA)

■ ***South Dakota's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012***

FEMA awarded South Dakota about \$14.6 million in SHSP grants for FYs 2010 through 2012. South Dakota had written procedures and generally spent grant funds in compliance with Federal laws and regulations. However, the State can improve its grant management and oversight. South Dakota should identify homeland security strategies with specific, time-limited goals and objectives, and develop a process to measure and evaluate progress toward attaining those goals and objectives. The State should implement an effective subgrantee monitoring program and process grant funding obligations to its grantees in a timelier manner. South Dakota should also spend grant funds within the required timeframes established by FEMA and improve property management and inventory control procedures. FEMA concurred with our seven recommendations. (OIG1489, May 2014, OA)

■ ***Maine's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012***

FEMA awarded Maine about \$14.5 million in SHSP grants for FYs 2010 through 2012. In most instances, the Maine Emergency Management Agency administered its grant programs in compliance with applicable Federal, state, and grant requirements, and SHSP grant funds were spent on allowable items and activities. However, we identified six areas for program improvement: developing a formal management process to measure performance; enhancing procurement procedures; obligating grant funds within the required time period; monitoring subgrantees' purchases better;

enforcing property management and inventory control requirements; and documenting employees' time accurately. FEMA concurred with our 10 recommendations. (OIG1486, April 2014, OA)

■ ***North Dakota's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012***

FEMA awarded North Dakota about \$14.6 million in SHSP grants for FYs 2010 through 2012. In most instances, North Dakota distributed and spent the awards in compliance with laws and regulations. However, we identified areas for program improvement. FEMA concurred with our 10 recommendations. (OIG1490, May 2014, OA)

■ ***New Hampshire's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012***

FEMA awarded New Hampshire about \$14.6 million in SHSP grants for FYs 2010 through 2012. New Hampshire spent the awards in compliance with laws and regulations and complied with most grant requirements. However, the State could improve the timely award of funding to subgrantees and the pass-through or retention of grant funding for local units of government, establish timely deadlines to conduct onsite monitoring of subgrantees, comply with regulatory inventory practices, and measure progress and improvements in preparedness. FEMA concurred with our seven recommendations and took action to close one. (OIG-14-93, May 2014, OA)

■ ***District of Columbia's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012***

FEMA awarded the District of Columbia about \$189 million in SHSP and Urban Areas Security Initiative grants for FYs 2010 through 2012. In most instances, the District of Columbia Homeland Security Emergency Management Agency distributed and spent the SHSP and Urban Areas Security Initiative awards in compliance with applicable Federal laws and regulations. However, we identified

areas in which the District of Columbia can improve its grant management practices. Specifically, homeland security strategies did not contain adequately defined objectives to use in measuring performance, and subgrantee procurement practices and property management did not always comply with Federal requirements. We also identified about \$1.3 million in questioned costs, primarily resulting from personnel time charges that were not adequately supported. FEMA concurred with our 11 recommendations for improvements. (OIG14147, September 2014, OA)

FEMA's Response to the Disaster in Galena, Alaska

Following the 2013 Yukon River ice flooding, FEMA appropriately and proactively decided to provide isolated communities in Alaska with a temporary responder base camp and build permanent housing for displaced disaster survivors. Although FEMA's policies and procedures allow for flexibility, the event demonstrated a number of issues that FEMA faces in unique environments. In the future, FEMA could improve its operations by continuing to tailor the Individuals and Households Program, Other Needs Assistance, and Public Assistance Program for nontraditional, remote, and inaccessible communities in all vulnerable states. We recommend that FEMA (1) work with states to identify and address the unique needs of nontraditional communities, (2) determine if it can require grantees and subgrantees to use local geographic preferences in the evaluation of bids and proposals, (3) issue a consultation policy to address cultural gaps that exist with Tribes, and (4) continue to mitigate the inherent risks of constructing permanent housing and a temporary responder support camp by closely monitoring compliance with Federal regulations and FEMA guidelines to prevent fraud, waste, and abuse. (OIG-14-106-D, June 2014, EMO)

Mitigation Planning Shortfalls Precluded FEMA Hazard Mitigation Grants to Fund Residential Safe Room Construction During the Disaster Recovery Phase

On May 20, 2013, the President declared a major disaster in Oklahoma because of severe storms and tornadoes that struck Oklahoma City and surrounding areas. On May 28, 2013, DHS OIG deployed an Emergency Management Oversight Team to the Joint Field Office in Oklahoma City, Oklahoma. During our deployment, we observed that residential safe rooms that FEMA funded after previous disasters provided effective protection against the tornadoes. However, several local jurisdictions did not have FEMA-approved mitigation plans in place at the time of the disaster. As a result, FEMA could not provide immediate funding to these jurisdictions to implement additional mitigation measures against future disasters, such as the construction of residential safe rooms. Federal regulations and FEMA guidelines do not require local jurisdictions to have FEMA-approved mitigation plans in advance of disasters or to maintain FEMA-approved mitigation plans beyond a single 5-year cycle. We recommend that FEMA work proactively with grantees to develop a strategy to enhance the development and maintenance of FEMA-approved local mitigation plans. (OIG-14-110-D, June 2014, EMO)

FEMA Should Take Steps to Improve the Efficiency and Effectiveness of the Disaster Assistance Helpline for Disaster Survivors That Do Not Speak English or Spanish

FEMA's Disaster Assistance Helpline did not consistently accommodate non-English/Spanish-speaking disaster survivors seeking to register for disaster aid, and did not ensure they received effective and efficient answers to their FEMA-related questions. We recommended that FEMA provide more multilingual options on its Helpline to identify disaster survivors' languages and consider analyzing the costs and benefits of available technology, including technology to notify the Helpline operator of the caller's requested language and/or expanding the current pre-recorded keypad to include other widely

spoken languages. We also recommended that FEMA provide Helpline operators with a tool to identify a disaster survivor's language for the top three languages beyond English and Spanish, and train them to use the tool effectively and efficiently. Finally, we recommended that FEMA update its written Helpline resources to indicate that, before calling, disaster survivors should select option #3 for languages other than English or Spanish; as FEMA expands the availability of other languages, it should incorporate updates into written materials. (OIG-14-118-D, July 2014, EMO)

IMPROVING MANAGEMENT STEWARDSHIP AND COMBATING FRAUD, WASTE, AND ABUSE

REPORTS

Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits

In the 59 grant audit reports we issued in FY 2013, we made 261 recommendations resulting in potential monetary benefits of \$307.8 million. This amount included \$266.2 million in questioned costs that we recommended FEMA disallow because the costs were ineligible or unsupported and \$41.6 million in unused funds that we recommended FEMA deobligate and put to better use. The \$307.8 million in potential monetary benefits represents 24 percent of the \$1.28 billion we audited. This year's increase in potential monetary benefits is due in part to insufficient insurance coverage and ineligible contracting procedures. This report makes no formal recommendations, but provides a means for FEMA to (1) examine its regulations, policies, and procedures and assess the need for changes based on the recurring nature of our findings, and (2) inform state emergency management officials (i.e., program grantees) of grant and subgrant activities that should be avoided or implemented. (OIG-14-102-D, June 2014, EMO)

DHS Component's Management Letters for FY 2013 DHS Financial Statements Audit

KPMG LLP (KPMG), under contract with DHS OIG, reviewed select DHS components' and offices' internal control over financial reporting during the FY 2013 financial statements audit and issued management letters. The management letters identified internal control deficiencies that ranged from comments to recommendations related to those deficiencies. The comments were discussed with the appropriate members of management and are intended to improve internal controls or result in other operating efficiencies. The deficiencies did not meet the criteria to be reported in the *Independent Auditors' Report on DHS' FY 2013 Financial Statements and Internal Control over Financial Reporting*, dated December 11, 2013, included in the DHS FY 2013 Agency Financial Report. We do not require management's response to the recommendations. We issued individual reports for FLETC, FEMA, Office of Health Affairs, TSA, Office of Financial Management, ICE, USCG, S&T, National Flood Insurance Program, United States Secret Service, Directorate for Management, USCIS, and CBP. (Various dates, OA)

Information Technology Management Letters for Select DHS Components of the FY 2013 DHS' Financial Statement Audit

KPMG, under contract with DHS OIG, audited select DHS components, offices, and the Department's Consolidated Balance Sheet and related statements as of September 30, 2013. As part of this review, KPMG noted internal control and other IT-related operational matters. KPMG documented its comments and recommendations in individual IT Management Letters for all selected components. KPMG evaluated the effectiveness of general IT controls of each component's financial processing environment and related IT infrastructure. Some components took corrective action to address prior years' IT control weaknesses. However, during FY 2013, KPMG continued to find general IT control weaknesses at various components. The most significant weaknesses from a financial statement

audit perspective related to access controls, change control, entity-wide security, system software, and service continuity. Collectively, the IT control weaknesses limit components' ability to ensure that critical financial and operational data is maintained to ensure confidentiality, integrity, and availability. In addition, these weaknesses negatively impact internal controls over components' financial reporting and operations. In some cases, KPMG considers the weaknesses to represent collectively a material weakness under standards established by the American Institute of Certified Public Accountants. Also, based on the results of test work in certain components, KPMG noted that components contributed to DHS' noncompliance with the requirements of the *Federal Financial Management Improvement Act of 1996*. We issued individual reports for FEMA, USCIS, FLETC, ICE, USCG, DHS, CBP, TSA, NPPD, Office of Financial Management, and OCIO. (Various dates, ITA)

Department of Homeland Security's FY 2013 Compliance with the Improper Payments Elimination and Recovery Act of 2010

KPMG, under contract with DHS OIG, conducted an audit that satisfied requirements of the *Improper Payments Elimination and Recovery Act of 2010*. The Act requires each agency's Inspector General annually to determine if the agency is in compliance with the Act. KPMG did not identify any instances of noncompliance with the Act. We also reviewed the accuracy and completeness of the Department's improper payment reporting and its efforts to reduce and recover overpayments. DHS has addressed prior audit concerns by:

- ensuring proper segregation of duties;
- improving its review process to help ensure components' risk assessments are properly supported;
- improving its policies and procedures to identify, reduce, and report improper payments; and
- improving its improper payment recovery efforts.

Although there were improvements, some components' risk assessments were still not properly supported. This is a repeat finding and recommendation, previously reported in FY 2012. We did not make any new recommendations. (OIG-14-64, April 2014, OA)

DHS Conference Spending

Since our prior report *DHS' Policies and Procedures Over Conferences*, we determined that in most instances, DHS conference spending was appropriate, reasonable, and necessary. Conference packages submitted for approval stated the purpose of the conference. In addition, the conference agenda reflected appropriate content and encompassed full working days for the attendees. In many instances, the components made an effort to reduce conference costs by limiting the number of attendees and selecting a location within the local area. The Department needs to further improve its guidance on conferences and add more specificity in guidance to ensure conference estimates and reported costs are accurate and have adequate documentation. DHS has established policies and procedures designed to ensure conference spending is appropriate and in the best interest of the Federal Government and taxpayers. It also has policies to ensure it complies with most aspects of the Office of Management and Budget's guidance for conferences. In addition to these efforts, the Department continues to further develop guidance and initiate reviews of component conference spending.

Components did not always accurately estimate or revise conference cost estimates when anticipated costs changed and did not always accurately report final conference costs. We identified \$329,438 in conference spending for which components did not provide adequate documentation. Additionally, components did not always demonstrate that using external conference planners was cost effective. Consequently, DHS cannot ensure that conference spending is always in the best interest of the Federal Government and taxpayers. We made five recommendations to the Department. If implemented, the recommendations should lead to more accurate estimating and reporting

of conference costs; improve conference spending documentation, transparency and accountability; and minimize external event planning costs. The Department concurred with the recommendations. (OIG-14-82, April 2014, OA)

FEMA Could Realize Millions in Savings by Strengthening Policies and Internal Controls Over Grant Funding for Permanently Relocated Damaged Facilities

FEMA could realize millions of dollars in cost savings by strengthening its policies, procedures, and internal controls over Public Assistance grant funding provided for permanently relocated damaged facilities. We reviewed permanently relocated damaged facilities associated with Hurricane Katrina in Louisiana and Mississippi and Hurricane Ike in Texas. In Mississippi, we reviewed 30 permanently relocated facilities damaged by Hurricane Katrina for which FEMA provided \$64.4 million—\$75 million for new land acquisitions and \$56.9 million for ancillaries—to relocate the 30 damaged facilities. FEMA’s present policies and procedures do not effectively address how FEMA should use program income to offset permanently relocated facility costs. For example, such a revised policy could have saved an estimated \$17.8 million in project costs for the 30 projects that we reviewed in Mississippi. Also, internal controls were not in place to determine when applicants received program income to offset permanently relocated facility costs. We recommended that the Associate Administrator, Office of Response and Recovery (1) review the current policy on when FEMA will participate in program income and (a) determine the best time within the grant cycle to end the program income requirement (project closeout; or FEMA-State Agreement Closeout); and (b) research the viability of placing a lien on or Notice of Federal Interest on properties when FEMA pays to relocate damaged facilities permanently; and (2) develop internal controls to ensure that applicants report program income from vacated facilities to offset project costs when FEMA funds the land and/or ancillary facilities to relocate the original facility. (OIG-14-91-D, May 2014, EMO)

FEMA’s Slab Removal Waiver in Oklahoma 4117-DR-OK

In May of 2013, an EF-5 tornado struck several cities in Oklahoma damaging nearly 2,400 residential homes, of which at least 1,100 appeared to be totally destroyed. On May 28, 2013, FEMA promulgated disaster-specific guidance that waived sections of FEMA’s *Debris Removal of Private Property* and *Demolition of Private Structures* policies and made the removal of concrete slabs from private property an eligible debris removal cost specific to this disaster. We determined that FEMA’s actions in waiving private property debris removal and demolition of private structures policies were consistent with the authorities the *Stafford Act* grants and commended FEMA for its rapid response in implementing this disaster-specific waiver. However, we emphasized that this disaster-specific waiver requires increased vigilance to monitor the expenditure of public funds and to protect against potential duplications of homeowner’s benefits. We recommended that FEMA work with Oklahoma to develop policies and procedures that are cost effective under the circumstances to detect duplication of homeowner’s insurance benefits and to ensure that Oklahoma remits to FEMA any amounts that individual homeowners received or should have received in settlement for damage sustained to their slabs. FEMA officials provided documentation to support their efforts to work with Oklahoma; therefore, we consider this recommendation to be resolved and closed and no further action is needed from FEMA. (OIG-14-100-D, June 2014, EMO)

Tuolumne County, California, Has Policies, Procedures, and Business Practices in Place Adequate to Manage FEMA Public Assistance Grant Funds

Tuolumne County, California, had policies, procedures, and business practices in place adequate to manage FEMA Public Assistance grant funds for disaster number 4158-DR-CA. The county accounted for and expended Public Assistance grant funds in accordance with Federal regulations and FEMA guidelines. The county also had adequate procurement practices in place to allow for open competition through

public solicitation and sealed bids. We made no recommendations and consider this report closed. (OIG-14-103-D, June 2014, EMO)

U.S. Immigration and Customs Enforcement’s Management of the Federal Employees’ Compensation Act Program

The *Federal Employees’ Compensation Act*, as amended (FECA)(5 U.S.C. § 8101, *et seq.*), provides wage loss compensation, medical care, vocational rehabilitation, and survivors’ benefits to civilian employees and officers of the United States, and certain other categories of individuals, for employment-related traumatic injuries and occupational diseases. Federal agencies are responsible for advising employees of their FECA rights and responsibilities and for managing compensation cases. We determined that ICE did not effectively manage its FECA program to control costs. Specifically, it did not ensure claims were processed correctly or workers’ compensation cases were monitored. In addition, ICE has not implemented management controls needed to manage the program. As a result, ICE has not minimized lost workdays and related compensation costs. In FY 2012, ICE had 2,253 cases totaling approximately \$21 million in workers’ compensation-related costs. Additionally, the Department has not provided formal written guidance that establishes minimum standards for Department’s and components’ administration of FECA. (OIG-14-105, June 2014, OA)

New York City’s Department of Transportation Needs Assistance to Ensure Compliance with Federal Regulations

New York City’s Department of Transportation (NYC DOT) received an award of \$19.1 million award for damages resulting from Hurricane Sandy that occurred on October 29, 2012. NYC DOT’s policies, procedures, and business practices were not adequate to account for and expend FEMA grant funds according to Federal regulations and FEMA guidelines. As a result, NYC’s DOT did not (1) adequately compete a \$3 million contract for disaster repairs, (2) track grant expenditures by project as Federal regulations require, or (3) maintain adequate

documentation supporting direct administrative costs. In addition, NYC DOT should have taken additional steps to provide opportunities when possible for small businesses, minority-owned firms, women’s business enterprises, and labor-surplus-area firms to compete for contract work. As a result, we recommended that the Executive Director of FEMA’s New York Sandy Recovery Field Office review the reasonableness of the \$3 million that NYC DOT intends to claim for contract work it did not adequately compete and direct the state to assist NYC DOT in correcting the issues identified in this report and monitor its progress. (OIG-14-120-D, July 2014, EMO)

FEMA’s Progress in Clarifying Its 50 Percent Repair or Replace Rule for the Public Assistance Grant Program

We audited FEMA’s progress in clarifying its “50 Percent Rule” used to make repair-versus-replacement decisions in the Public Assistance grant program. Although FEMA is making progress in clarifying the rule, it has not yet published a draft revised policy. Our previous audits have disclosed significant problems with FEMA’s 50 Percent Rule. In response to a previous report, the FEMA Administrator said, “We agree with the OIG that FEMA’s current policy and methods for implementing the 50 Percent Rule are in need of significant review and revision.” He also said that FEMA would reprioritize and accelerate a thorough review of the 50 Percent Rule policy. Our objective also included determining any potential impact on Hurricane Sandy repair-versus-replacement decisions if FEMA does not clarify its 50 Percent Rule. As of April 2014, FEMA officials in New York and New Jersey had made eight replacement decisions with estimated costs totaling \$3.5 million for Hurricane Sandy. FEMA approved these eight replacement projects without a revised 50 Percent Rule policy. We recommended that FEMA: 1) complete its revision to the 50 Percent Rule policy, 2) develop formal 50 Percent Rule training, 3) consider revisions to the 50 Percent Rule threshold and formula, and 4) request OIG assistance on projects that exceed \$5 million until the 50 Percent Rule policy revision is finalized. FEMA recognizes the challenges involved with

the 50 Percent Rule and plans to revise its policy. We continue to support FEMA's plans to develop improved policies, review standards, and training programs. (OIG-14-123-D, August 2014, EMO)

DHS Does Not Adequately Manage or Have Enforcement Authority Over Its Components' Vehicle Fleet Operations

DHS had the second largest civilian motor vehicle fleet in the Federal Government, owning or leasing about 56,000 vehicles, with reported annual operating costs of about \$534 million, but it does not adequately manage or have enforcement authority over its components' fleet operations to ensure that its motor vehicle fleet composition is right-sized. Each DHS component manages its own vehicle fleet, making it difficult for the DHS Fleet Manager to provide adequate oversight and ensure compliance with Federal laws, regulations, policies, and directives. Also, the Department does not have a centralized fleet management information system. For reporting on its motor vehicle fleet inventory, DHS must rely on multiple information systems that contain inaccurate and incomplete vehicle data from the components. In FY 2012, all of the component vehicle fleets we reviewed included underused vehicles, but DHS did not ensure the components justified retaining the vehicles or removed them from their fleets. In that fiscal year, we estimate that operating these underused vehicles cost between \$35.3 million and \$48.6 million, which are funds that could be put to better use. We made two recommendations to help the Department improve oversight and authority over fleet right-sizing and the management of fleet data. (OIG-14-126, August 2014, OA)

CBP Did Not Effectively Plan and Manage Employee Housing in Ajo, Arizona

CBP operates about 329 ports of entry along nearly 7,000 miles of the U.S. border. According to CBP, the most significant challenge to increasing enforcement efforts along our borders is a lack of available housing in remote locations. We determined that CBP did not effectively plan and manage employee housing in Ajo, Arizona, and made decisions that resulted in additional costs

to the Federal Government. Specifically, CBP paid a premium price for land, built 21 two- and three-bedroom family-style houses, rather than the recommended one-bedroom apartment-style housing, and included nonessential items in the houses, as well as amenities, without adequate justification. In addition, while it was constructing the 21 family-style houses, CBP funded a second housing project in Ajo by purchasing 20 mobile homes for \$2.4 million. CBP also paid the General Services Administration to manage the project, but did not adequately justify use of its services. As a result, CBP spent about \$680,000 per house and about \$118,000 per mobile home for employee housing in Ajo, which was significantly more than the Ajo average home price of \$86,500. We identified approximately \$4.6 million spent on the project that could have been put to better use. We made five recommendations to improve CBP's planning and management of future housing projects. CBP concurred with the recommendations. (OIG-14-131, September 2014,² OA)

FEMA's Efforts to Collect a \$23.1 Million Debt from the State of Louisiana Should Have Been More Aggressive

FEMA's efforts to collect a \$23.1 million debt from Louisiana were not adequate. FEMA did not aggressively collect this debt as required by Federal regulations and FEMA guidelines. FEMA should have acted quickly to collect these funds, but delayed aggressive action because of uncertainties regarding how to proceed. FEMA has the legal authority to offset this debt against FEMA funds due to Louisiana. In addition, we determined FEMA did not promptly transfer the \$23.1 million debt to Treasury for collection although Federal statutes and regulations require debts delinquent for more than 180 days to be transferred to Treasury. We recommended that FEMA's Office of Chief Financial Officer (1) take immediate action to administrative offset the \$23,131,010 debt plus \$6,190,310 in accrued interest, penalties, and administrative fee, totaling \$29,321,320; and (2) develop improved collection policies and procedures to provide FEMA employees with specific guidance on how to collect debts. FEMA

² The report was originally issued in September 2014, but was revised to properly identify the type of mobile homes purchased. The revised report was issued in October 2014. The report number and findings did not change.

agreed with the first recommendation but was waiting for further clarification from Treasury before taking action. We disagreed because we recommended immediate action. FEMA's reluctance to collect this debt immediately violates its fiduciary responsibility over the Disaster Relief Fund. FEMA also said it agreed with the second recommendation and would update its current debt directive and finalize it in FY 2015. We disagree with FEMA's planned action because FEMA's current directive does not specifically address its ability to offset debts internally and must include specific guidance on how to collect its debts aggressively. (OIG-14-134-D, September 2014, EMO)

FEMA's Incorrect Decisions to Replace Rather than Repair Facilities in Cedar Rapids, Iowa, Cost Taxpayers Over \$12 Million

The City of Cedar Rapids, Iowa, (City) received an award of \$330 million from the Iowa Homeland Security and Emergency Management Division, a FEMA grantee, for damages caused by severe flooding that occurred May 25 to August 13, 2008. FEMA officials did not correctly apply the 50 Percent Rule when deciding to replace, rather than repair, four facilities. Replacing the four facilities cost \$20,674,433, while repairing them would have cost \$8,570,454. Normally, we would have questioned the \$12,103,979 difference. However, because FEMA Region VII made the improper decisions related to replacing facilities, and we found no evidence that the City provided false or misleading information to FEMA, we did not question these costs. In addition, after our audit of the University of Iowa, FEMA Region VII implemented several corrective actions to prevent future improper replacement decisions. We are working with officials in FEMA headquarters to help improve and clarify national policies for replacement decisions. In addition, FEMA included \$278,822 of ineligible and excessive elevation costs in one properly approved replacement decision. We recommended that FEMA review and revise 50 Percent Rule policies and procedures and disallow \$278,822 of ineligible elevation costs. (OIG-14-145-D, September 2014, EMO)

FEMA Should Disallow \$9.6 Million of Disaster-Related Costs Incurred by the University of New Orleans Research and Technology Foundation, New Orleans, Louisiana

FEMA awarded the University of New Orleans Research and Foundation (Foundation) disaster grant funds. The Foundation did not account for and expend the funds as required by Federal regulations. The Foundation awarded \$7,875,262 for four noncompetitive contracts and incurred \$1,752,117 in markups for costs billed on a prohibited costs-plus-percentage-of-costs basis. As a result, we questioned \$9,627,379 as ineligible for the noncompetitive contracts and the prohibited markups. The Foundation also did not properly reconcile Federal funds in a timely manner. FEMA authorized \$12 million (gross) for 12 projects, but the Foundation has spent more than \$19 million without requesting authorization for the cost overruns. Almost 9 years after the disaster, the Foundation has claimed only \$5.3 million, although it completed most work several years ago. We recommended that FEMA disallow \$7,875,262 for the noncompetitive contracts and \$1,752,117 in prohibited markup as ineligible, and that FEMA and Louisiana instruct the Foundation to complete the reconciliation of all projects and submit actual costs to Louisiana. We also recommended that FEMA provide documentation that Louisiana is working with the Foundation to strengthen its accounting procedures, and that FEMA direct Louisiana to finalize and close out the Foundation's completed projects within 12 months of the report. (OIG-14-148-D, September 2014, EMO)

FEMA's Logistics Supply Chain Management System May Not Be Effective During a Catastrophic Disaster

Following the Federal Government's response to Hurricane Katrina, the administration and the U.S. Senate reported that FEMA was not able to provide the logistics support to respond effectively to a major disaster. FEMA's Logistics Supply Chain Management System was intended to support assets and resources provided by partners in other Federal agencies; nongovernmental organizations; state, local, and tribal governments;

and the private sector. After spending about \$247 million over 9 years, FEMA cannot be certain that its Logistics Supply Chain Management System will be effective during a catastrophic disaster. According to FEMA, the system became fully operational in January 2013, which was about 19 months behind schedule. However, the system could not perform as originally planned. Specifically, it does not provide in-transit visibility of all goods shipped; and the program has not met planned cost, schedule, or performance requirements, or been fully tested. Additionally, FEMA may not have the appropriate number of trained and proficient logistics specialists. We attribute these deficiencies to inadequate program management and oversight by DHS and FEMA. As a result, FEMA may not be able to efficiently and effectively aid survivors of catastrophic disaster. We made 10 recommendations to the FEMA Acting Assistant Administrator for Logistics and 1 recommendation to the Executive Director, Office of Program Accountability and Risk Management to improve the effectiveness of the Logistics Supply Chain Management System program. DHS and FEMA concurred with our recommendations. (OIG-14-151, September 2014, OA)

INVESTIGATIONS

Town Official and Husband Sentenced

We investigated an elected town official who reportedly sought kickbacks for improperly awarded debris removal contracts that were paid for by FEMA funds. The investigation also examined the illegal activities of her husband, who owned a local construction contracting business. The husband was sentenced to 33 months incarceration, followed by 12 months supervised release, and ordered to pay \$40,000 in fines and \$145,000 in back taxes. He was also given a sentencing enhancement for conspiring to have a witness intimidated. The town official was sentenced to 87 months incarceration, followed by 36 months of supervised release, a fine of \$125,000, and ordered to pay \$106,346 in restitution. We worked this case jointly with the FBI, the Internal Revenue Service, the U.S. Postal Service OIG, and a local sheriff's office.

Longtime Thief Defrauds FEMA and Others

We investigated a member of the public who led a scheme whereby she used the names and addresses of community members to make approximately \$231,000 in FEMA claims, collected the money that arrived, and then paid kickbacks to the purported claimants. The subject, who had multiple prior fraud convictions at the state level, also defrauded other Federal Government agencies. She was sentenced to 103 months' incarceration, followed by 36 months of supervised release, and ordered to pay restitution totaling \$657,359. We worked this case jointly with the Social Security Administration OIG, the Internal Revenue Service Criminal Investigations Divisions, the Housing and Urban Development OIG, and the local police department.

City Official Takes FEMA Money

We investigated the former CIO of a large Midwestern city who, without competitive bidding, authorized a city contract to install security equipment paid through FEMA grant funds. We determined that the company was created to receive the funds and failed to provide the agreed upon services. The CIO took \$20,000 in kickbacks from a company officer, of which the CIO kept \$10,000 and gave \$10,000 to the mayor. While a subject of our investigation, the CIO testified on behalf of the Government about a massive public corruption scheme, which triggered a decade-long investigation and resulted in multiple convictions and prison sentences, including a prison sentence for the former mayor. For his role in the scheme, the CIO was sentenced to 36 months of supervised release with 12 months to be spent in a halfway house and restitution of \$240,858.

Tribal Leader Accepts Kickbacks

We investigated a Native American tribal leader for the misuse of FEMA funds provided after flooding damaged a reservation medical clinic. Our investigation revealed that two companies, which were owned by the same individual and created weeks after the flooding had occurred, obtained several contracts from the tribal leader. We found that the company accounts paid \$200,000 to the tribal leader and \$5,000 to his wife. The

leader was also paid \$100,000 from the business owner's personal checking account. The leader was sentenced to 90 months' incarceration, followed by 36 months of supervised release and was ordered to pay \$667,183 in restitution.

Company Officials Conspire to Rig Contracts

Our investigation into the activities of a CBP procurement official, who was allegedly engaged in procurement irregularities, interrupted the steering of a CBP IT contract worth about \$100 million to a specific company and wrongdoing involving another contract worth \$24 million. We ultimately developed evidence that several officials of various contract and subcontract companies had actively colluded to rig bids and otherwise give the false appearance of legitimate competition. During this reporting period, the co-owner of a subcontracting company was sentenced to 10 months' incarceration, followed by 24 months of supervised release, and ordered to pay restitution of \$351,176. In a previous reporting period, the former vice president of a contracting company was sentenced to 3 months' incarceration, followed by 24 months' supervised release, ordered to pay a \$5,000 fine, and forfeiture of \$80,900. A sales executive of a contracting company was sentenced to 16 months' incarceration, 24 months of supervised release, 500 hours of community service, and forfeiture of \$1,065,103.

Company Owner Defrauds Government

We investigated a company whose employees created materially false records to conceal product substitution and falsely certify that the aircraft parts they sold to DHS and other agencies were procured and repaired according to Federal Aviation Administration guidelines. The owner of the company was found guilty at trial and

sentenced to 30 months' incarceration, followed by 36 months of supervised release. This was a joint investigation with the Department of Transportation and Department of Defense OIGs and the FBI.

Attempted Bribe Brings Cash Smuggling Conviction

We investigated a business owner and his wife who were detained by CBP officers at an airport on suspicion of currency smuggling when an outbound inspection found an excess amount of undeclared cash in their possession as they attempted to board an outbound international flight. After the cash was discovered, the couple was separated and interviewed, during which time the wife offered the CBP interviewer a cash bribe. Further investigation produced evidence of structuring of financial transactions and cash smuggling. The wife was sentenced to 12 months in a pretrial diversion program, and the business owner was sentenced to 18 months' incarceration, followed by 12 months of supervised release, and ordered to forfeit \$202,806.

United States Coast Guard Members Steal Funds

We investigated three USCG service members who conspired to use Government funds to make unlawful purchases of electronics, computers, and other goods that were then sold for cash. During this reporting period, one of the conspirators was sentenced to 18 months' incarceration, a \$40,000 fine, and a bad conduct discharge. During a previous reporting period, the other conspirators were sentenced to 24 months' confinement, 36 months supervised release, and restitution of a total of \$230,468; and 37 months' confinement, 36 months of supervised release, and restitution of \$617,441, respectively.



OTHER OFFICE OF INSPECTOR GENERAL ACTIVITIES



Arrivals



Departures



OVERSIGHT OF NONDEPARTMENTAL ACTIVITIES

During this reporting period, we completed four desk reviews of Single Audit reports issued by independent public accountant organizations. Single Audits are those conducted according to the *Single Audit Act*, as amended by Public Law 104-156.

Of the four desk reviews, we issued three comment letters to grantees. We use the results of audits and investigations of grantees and subgrantees to identify areas for further analysis and to help DHS improve grant management practices and program performance. We will support DHS in its efforts to monitor and follow up on recommendations from independent external audits of DHS' grantees and subgrantees under the *Single Audit Act*, as amended.

ONGOING PARTNERSHIP WITH THE RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD

DHS OIG maintains a partnership with the Recovery Accountability and Transparency Board (RATB) in support of audits and investigations that detect and deter the theft and misuse of Hurricane Sandy disaster relief funds. An OIG Special Agent in Charge and a Senior Program Analyst are assigned to the RATB to coordinate analytical support for our law enforcement partners and leverage RATB resources to assist in the focus and enhancement of ongoing audits and investigations. During the reporting period, we submitted 48 requests to RATB for analysis, including 17 requests to support criminal investigations and 31 for audits. RATB completed 30 of the requests, which resulted in 583 new investigative leads.

NATIONAL RESPONSE STRATEGY FOR DECLARED DISASTERS

Our Office of Investigations, in conjunction with RATB staff, developed the National Response Strategy for Declared Disasters (Strategy) to provide a framework for our joint efforts to combat fraud, waste, and abuse in FEMA disaster relief programs and operations. The Strategy outlines how DHS OIG will effectively manage investigative matters associated with Federal disasters by providing information to 1) identify roles and responsibilities of investigative personnel and stakeholders, 2) facilitate investigative preparedness actions, 3) combat disaster fraud, and 4) establish an investigation strategy and best practices for responding to declared disasters. Successful investigative disaster response depends on clearly defining roles, fostering partnerships, standardizing operations, and optimizing resources. To maximize analytical support resources, the Strategy establishes an ongoing partnership between RATB and DHS OIG. The Strategy was incorporated into our *Office of Investigations' Special Agent Handbook* and established procedures for RATB's handling of Grand Jury material, which enhanced its ability to provide support for disaster-related criminal investigations.

To execute the Strategy, we established an Office of Emergency Preparedness within our Office of Investigations. This office coordinates our internal response to declared disasters and uses RATB for analytics to support investigations and audits.

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 related to DHS programs and operations and make recommendations about their effect. Our comments and recommendations focus on the effect of proposed legislation and regulations on economy and efficiency in

administering DHS programs and operations and 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.

CONGRESSIONAL TESTIMONY AND BRIEFINGS



The Inspector General testified before Congress three times during this period. Testimony prepared for these hearings may be accessed on our website at www.oig.dhs.gov

The Inspector General testified at the following hearings:

- April 30, 2014 – Senate Committee on Homeland Security and Governmental Affairs at a hearing entitled, “Lessons Learned from the Boston Marathon Bombing: Improving Intelligence and Information Sharing.”
- May 7, 2014 – House Committee on Homeland Security at a hearing entitled, “Preventing Waste, Fraud, Abuse and Mismanagement in Homeland Security – A GAO High-Risk List Review.”
- July 24, 2014 – Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Emergency Management,

Intergovernmental Relations, and the District of Columbia at a hearing entitled, “The Path to Efficiency: Making FEMA More Effective for Streamlined Disaster Operations.”

We briefed congressional members and their staff frequently throughout the reporting period. Our office conducted more than 20 briefings for congressional staff on the results of our work, including: (1) *Information Handling and Sharing Prior to the April 15, 2013 Boston Marathon Bombings*, a joint project of the Intelligence Community Inspectors General Forum, (2) *CBP Did Not Effectively Plan and Manage Employee Housing in Ajo, Arizona* (OIG-14-131), and (3) *DHS Has Not Effectively Managed Pandemic Personal Protective Equipment and Antiviral Medical Countermeasures* (OIG-14-129).

We will continue to meet with congressional members and staff to discuss our evaluations of the Department’s programs and operations and to brief them on completed and planned work.

APPENDIXES



Appendix 1

Reports with Monetary Findings* Questioned Costs^(a)

Report Category	Number		Total Questioned Costs	Unsupported Costs ^(b)
	Reports	Recommendations		
A. Reports pending management decision at the start of the reporting period	31	71	\$69,529,994	\$9,906,593
B. Reports issued/processed during the reporting period with questioned costs	18	39	\$59,424,677	\$2,679,489
Total (A+B)	49	110	\$128,954,671	\$12,586,082
C. Reports for which a management decision was made during the reporting period ^(c)	36	80	\$68,322,457	\$12,241,297
D. Reports put into appeal status during period	0	0	\$0	\$0
E. Reports pending a management decision at the end of the reporting period	13	30	\$60,632,214	\$344,785
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 auditors 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 non-profit 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, we must agree with the basis for the management decision.

Appendix 1

Reports with Monetary Findings (continued) Funds Put to Better Use^(d)

Report Category	Number		Amount
	Reports	Recommendations	
A. Reports pending management decision at the start of the reporting period	5	6	\$7,489,156
B. Reports issued during the reporting period	14	15	\$898,468,917
Total (A+B)	19	21	\$905,958,073
C. Reports for which a management decision was made during the reporting period ^(e)	12	13	\$83,818,747
(1) Value of recommendations agreed to by management for deobligation/avoidance	8	9	\$35,096,656
(2) Value of recommendations not agreed to by management (allowed by management)	1	1	\$36,653
D. Reports put into the appeal status during the reporting period	0	0	\$0
E. Reports pending a management decision at the end of the reporting period	7	8	\$822,139,326
F. Reports for which no management decision was made within 6 months of issuance	0	0	0

Notes and Explanations:

- (d) **Funds 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.
- (e) The sum of numbers and dollars in Section C lines C (1) and C (2) will not always equal the total in Section C because some reports contain both accepted and disallowed costs, and recommendations may be resolved by DHS OIG before DHS determines the final disposition on the funds to be put to better use. Also, resolution may result in values different from the original recommendations.

Appendix 2³**Compliance – Resolution of Reports and Recommendations**

MANAGEMENT DECISION IS PENDING	
03/31/2014	
Reports open and unresolved more than 6 months	55
Recommendations open and unresolved more than 6 months	147
09/30/2014	
Reports open and unresolved more than 6 months	29
Recommendations open and unresolved more than 6 months	94
CURRENT INVENTORY	
Open reports at the beginning of the period	236
Reports issued to DHS this period	96
Reports closed this period	118
Open reports at the end of the period	214
ACTIVE RECOMMENDATIONS	
Open recommendations at the beginning of the period	847
Recommendations issued this period	256
Recommendations reopened this period	0
Recommendations closed this period	367
Open recommendations at the end of the period	736

³ 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	6/24/2008	OIG-08-71	Management of Department Homeland Security International Activities and Interests (formerly titled DHS Management of Overseas Operations)	6,18	PLCY	2
2	5/27/2009	OIG-09-71	FEMA Policy Relating to Coastal Velocity Zones	1,2	FEMA	2
3	9/9/2009	OIG-09-100	DHS' Strategy and Plans to Counter Small Vessel Threats Need Improvement	2	USCG, CBP, PLCY	1
4	2/3/2010	OIG-10-53	Improvements Needed in FEMA's Disaster Contract Management	2	FEMA	1
5	3/31/2010	OIG-10-76	Improvement Needed in FEMA's Management of the National Flood Insurance Program's Information Technology Transition	3	FEMA	1
6	10/21/2010	OIG-11-02	Improvements Needed in Managing FEMA's Public Assistance-Technical Assistance Contracts	1,3,5	FEMA	3
7	11/29/2010	OIG-11-16	Customs and Border Protection's Implementation of the Western Hemisphere Travel Initiative at Land Ports of Entry	2,3,4	CBP	3
8	03/28/2011	OIG-11-62	Management of Mental Health Cases in Immigration Detention	13,14,15	ICE	3
9	5/10/2011	OIG-11-81	Supervision of Aliens Commensurate with Risk	2	ICE	1
10	11/21/2011	OIG-12-06	Transportation Security Administration Penetration Testing of Advanced Imaging Technology	3	TSA	1
11	1/5/2012	OIG-12-24	The Effects of USCIS Adjudication Procedures and Policies on Fraud Detection by Immigration Services Officers	10,11	USCIS	2
12	1/6/2012	OIG-12-26	Transportation Security Administration Covert Testing of Access Controls to Secured Airport Areas	6	TSA	1

Appendix 3**Reports with Unresolved Recommendations Over 6 Months Old
(continued)**

	Date Issued	Report No.	Report Title	Reco. Numbers	DHS Component	No. of Unresolved Recommendations Over 6 Months
13	1/31/2012	OIG-12-30	Efforts to Expedite Disaster Recovery in Louisiana	1	FEMA	1
14	5/30/2012	OIG-12-85	CBP's Use of Unmanned Aircraft Systems in the Nation's Border Security	1,4	CBP	2
15	6/27/2012	OIG-12-93	Progress Has Been Made in Securing Laptops and Wireless Networks at FEMA	2,5,7	FEMA	3
16	7/27/2012	OIG-12-104	CBP Acquisition of Aviation Management Tracking System	1,2	USCG, CBP, MGMT	2
17	11/2/2012	OIG-13-06	DHS' Oversight of Interoperable Communications	1	MGMT	1
18	11/2/2012	OIG-13-07	The Visa Waiver Program	3	PLCY	1
19	1/10/2013	OIG-13-21	(U) Further Development and Reinforcement of Department Policies Can Strengthen DHS' Intelligence Systems Security Program	1,7	USSS	2
20	2/28/2013	OIG-13-44	Massachusetts' Management of Homeland Security Grant Program Awards for Fiscal Years 2008 Through 2011	4,5	FEMA	2
21	5/29/2013	OIG-13-93	USCG Must Improve the Security and Strengthen the Management of Its Laptops	2,3	USCG	2
22	8/15/2013	OIG-13-107	Implementation of L-1 Visa Regulations	9	USCIS	1
23	8/28/2013	OIG-13-110	DHS Needs To Strengthen Information Technology Continuity and Contingency Planning Capabilities	6,7,9	MGMT	3
24	12/10/2013	OIG-14-16	American Samoa's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	10	FEMA	1

Appendix 3**Reports with Unresolved Recommendations Over 6 Months Old
(continued)**

	Date Issued	Report No.	Report Title	Reco. Numbers	DHS Component	No. of Unresolved Recommendations Over 6 Months
25	12/11/2013	OIG-14-18	Independent Auditors' Report on DHS' FY 2013 Financial Statements and Internal Control over Financial Reporting	Various	USCG	39
26	1/7/2014	OIG-14-25	Hawaii's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	24	FEMA	1
27	1/27/2014	OIG-14-27	(U) Evaluation of DHS' Intelligence Systems Compliance with Federal Information Security Management Act Requirements for Fiscal Year 2013	2,4,5	USCG	3
28	2/11/2014	OIG-14-33	U.S. Immigration and Customs Enforcement's Worksite Enforcement Administrative Inspection Process	1	ICE	1
29	3/27/2014	OIG-14-59	Independent Auditors' Report on U.S. Customs and Border Protection's FY 2013 Financial Statements	Various	CBP	8
			Total			94

Appendix 4

Reports Issued

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
1. OIG-14-60	4/14	Management Letter for the FY 2013 DHS Financial Statements and Internal Control over Financial Reporting Audit	\$0	\$0	\$0
2. OIG-14-61	4/14	Idaho's Management of Homeland Security Grant Program Awards For Fiscal Years 2010 Through 2012	\$0	\$0	\$0
3. OIG-14-62	4/14	Alaska's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012	\$0	\$0	\$0
4. OIG-14-63-D	4/14	FEMA Should Recover \$1.7 Million of Public Assistance Grant Funds Awarded to the City of Waveland, Mississippi – Hurricane Katrina	\$1,667,586	\$0	\$21,440
5. OIG-14-64	4/14	Department of Homeland Security's FY 2013 Compliance with the Improper Payments Elimination and Recovery Act of 2010	\$0	\$0	\$0
6. OIG-14-65	4/14	Management Letter for the U.S. Customs and Border Protection's FY 2013 Consolidated Financial Statements	\$0	\$0	\$0
7. OIG-14-66	4/14	U.S. Immigration and Customs Enforcement's Management Letter for FY 2013 DHS Financial Statements Audit	\$0	\$0	\$0
8. OIG-14-67	4/14	National Protection and Programs Directorate's Management Letter for FY 2013 DHS Financial Statements Audit	\$0	\$0	\$0
9. OIG-14-68	4/14	Federal Law Enforcement Training Center's Management Letter for FY 2013 DHS Financial Statements Audit	\$0	\$0	\$0
10. OIG-14-69	4/14	United States Coast Guard's Management Letter for FY 2013 DHS Financial Statements Audit	\$0	\$0	\$0

Appendix 4

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
11. OIG-14-70	4/14	Intelligence and Analysis's Management Letter for FY 2013 DHS Financial Statements Audit	\$0	\$0	\$0
12. OIG-14-71	4/14	U.S. Citizenship and Immigration Services' Management Letter for FY 2013 DHS Financial Statements Audit	\$0	\$0	\$0
13. OIG-14-72-D	4/14	FEMA Should Review the Eligibility of \$523,007 of \$5.4 Million in Public Assistance Grant Funds Awarded to the Borough of Belmar, New Jersey, for Hurricane Sandy Debris Removal Activities	\$470,706	\$166,325	\$0
14. OIG-14-73	4/14	Management Directorate's Management Letter for FY 2013 DHS Financial Statements Audit	\$0	\$0	\$0
15. OIG-14-74	4/14	United States Secret Service's Management Letter for FY 2013 DHS Financial Statements Audit	\$0	\$0	\$0
16. OIG-14-75	4/14	The Office of Financial Management's Management Letter for FY 2013 DHS Financial Statements Audit	\$0	\$0	\$0
17. OIG-14-76	4/14	Information Technology Management Letter for the Federal Emergency Management Agency Component of the FY 2013 Department of Homeland Security Financial Statement Audit	\$0	\$0	\$0
18. OIG-14-77	4/14	Federal Emergency Management Agency's Management Letter for FY 2013 DHS Financial Statements Audit	\$0	\$0	\$0
19. OIG-14-78	4/14	Office of Health Affairs' Management Letter for FY 2013 DHS Financial Statements Audit	\$0	\$0	\$0

Appendix 4

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
20. OIG-14-79	4/14	Transportation Security Administration's Management Letter for FY 2013 DHS Financial Statements Audit	\$0	\$0	\$0
21. OIG-14-80	4/14	Information Technology Management Letter for the USCIS Component of the FY 2013 DHS Financial Statement Audit	\$0	\$0	\$0
22. OIG-14-81	4/14	Iowa's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012	\$256,634	\$256,634	\$0
23. OIG-14-82	4/14	DHS Conference Spending	\$0	\$0	\$0
24. OIG-14-83	4/14	Science and Technology Directorate's Management Letter for FY 2013 DHS Financial Statements Audit	\$0	\$0	\$0
25. OIG-14-84	4/14	Information Technology Management Letter for the FLETC Component of the FY 2013 DHS Financial Statement Audit	\$0	\$0	\$0
26. OIG-14-85	4/14	Information Technology Management Letter for the Immigration and Customs Enforcement Component of the FY 2013 Department of Homeland Security's Financial Statement Audit	\$0	\$0	\$0
27. OIG-14-86	4/14	Maine's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012	\$89,500	\$89,500	\$0
28. OIG-14-87	5/14	Alabama's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012	\$0	\$0	\$0
29. OIG-14-88	5/14	Information Technology Management Letter for the U.S. Coast Guard Component of the FY 2013 DHS Financial Statement Audit	\$0	\$0	\$0

Appendix 4

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
30. OIG-14-89	5/14	South Dakota's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012	\$0	\$0	\$0
31. OIG-14-90	5/14	North Dakota's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012	\$686,710	\$686,710	\$0
32. OIG-14-91-D	5/14	FEMA Could Realize Millions in Savings by Strengthening Policies and Internal Controls Over Grant Funding for Permanently Relocated Damaged Facilities	\$0	\$0	\$0
33. OIG-14-92	5/14	National Flood Insurance Program's Management Letter for FY 2013 DHS Financial Statements Audit (Redacted)	\$0	\$0	\$0
34. OIG-14-93	5/14	New Hampshire's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012	\$0	\$0	\$0
35. OIG-14-94	5/14	Information Technology Management Letter for the FY 2013 Department of Homeland Security's Financial Statement Audit	\$0	\$0	\$0
36. OIG-14-95-D	5/14	FEMA Should Recover \$8.0 Million of \$26.6 Million in Public Assistance Grant Funds Awarded to St. Stanislaus College Preparatory in Mississippi – Hurricane Katrina	\$8,012,665	\$0	\$0
37. OIG-14-96	5/14	Information Technology Management Letter for the FY 2013 United States Customs and Border Protection Financial Statement Audit	\$0	\$0	\$0

Appendix 4

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
38. OIG-14-97	5/14	Information Technology Management Letter for the FY 2013 Department of Homeland Security's Financial Statement Audit – National Protection and Programs Directorate	\$0	\$0	\$0
39. OIG-14-98	5/14	Information Technology Management Letter for the Transportation Security Administration Component of the FY 2013 Department of Homeland Security Financial Statement Audit	\$0	\$0	\$0
40. OIG-14-99	6/14	Radio Frequency Identification Security at USCIS Is Managed Effectively, But Can Be Strengthened	\$0	\$0	\$0
41. OIG-14-100-D	6/14	FEMA's Slab Removal Waiver in Oklahoma 4117-DR-OK	\$0	\$0	\$0
42. OIG-14-101-D	6/14	Pearl River Community College, Mississippi, Properly Accounted for and Expended FEMA Public Assistance Grant Funds Awarded under Hurricane Katrina	\$0	\$0	\$0
43. OIG-14-102-D	6/14	Capping Report: FY 2013 FEMA Public Assistance and Hazard Mitigation Grant and Subgrant Audits	\$0	\$0	\$0
44. OIG-14-103-D	6/14	Tuolumne County, California, Has Policies, Procedures, and Business Practices in Place Adequate To Manage FEMA Public Assistance Grant Funds	\$0	\$0	\$0
45. OIG-14-104-D	6/14	FEMA Should Recover \$764,968 of Public Assistance Program Grant Funds Awarded to the University of Hawaii, Honolulu, Hawaii	\$573,727	\$0	\$0
46. OIG-14-105	7/14	U.S. Immigration and Customs Enforcement's Management of the Federal Employees' Compensation Act Program (Revised)	\$0	\$0	\$0

Appendix 4

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
47. OIG-14-106-D	6/14	FEMA's Response to the Disaster in Galena, Alaska	\$0	\$0	\$0
48. OIG-14-107-D	6/14	FEMA Should Recover \$1.3 Million of Public Assistance Grant Funds Awarded to Desire Street Ministries, New Orleans, Louisiana, for Hurricane Katrina	\$1,302,812	\$0	\$0
49. OIG-14-108	6/14	Information Technology Management Letter for the FY 2013 Department of Homeland Security's Financial Statement Audit – Office of Financial Management and Office of Chief Information Officer	\$0	\$0	\$0
50. OIG-14-109-D	6/14	FEMA Should Recover \$258,488 of Public Assistance Grant Funds Awarded to the Graton Community Services District, California	\$193,866	\$0	\$20,542
51. OIG-14-110-D	6/14	Mitigation Planning Shortfalls Precluded FEMA Hazard Mitigation Grants to Fund Residential Safe Room Construction During the Disaster Recovery Phase	\$0	\$0	\$0
52. OIG-14-111-D	7/14	FEMA's Initial Response to the Colorado Flood	\$0	\$0	\$0
53. OIG-14-112	7/14	U.S. Citizenship and Immigration Services Information Technology Management Progress and Challenges	\$0	\$0	\$0
54. OIG-14-113	7/14	Domestic Nuclear Detection Office Has Taken Steps To Address Insider Threat, but Challenges Remain	\$0	\$0	\$0
55. OIG-14-114-D	7/14	FEMA Should Recover \$3.9 Million of Public Assistance Grant Funds Awarded to Jefferson County, Alabama, as a Result of Severe Storms in April 2011	\$3,200,392	\$178,460	\$405,462

Appendix 4

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
56. OIG-14-115-D	7/14	New York City's Department of Design and Construction Needs Assistance To Ensure Compliance with Federal Regulations	\$0	\$0	\$0
57. OIG-14-116	8/14	ICE's Release of Immigration Detainees (Revised)	\$0	\$0	\$0
58. OIG-14-117	7/14	U.S. Customs and Border Protection's Workload Staffing Model	\$0	\$0	\$0
59. OIG-14-118-D	7/14	FEMA Should Take Steps To Improve the Efficiency and Effectiveness of the Disaster Assistance Helpline for Disaster Survivors That Do Not Speak English or Spanish	\$0	\$0	\$0
60. OIG-14-119	7/14	Implementation Status of the Enhanced Cybersecurity Services Program	\$0	\$0	\$0
61. OIG-14-120-D	7/14	New York City's Department of Transportation Needs Assistance to Ensure Compliance with Federal Regulations	\$0	\$0	\$0
62. OIG-14-121-D	7/14	The Puerto Rico Department of Housing Generally Complied with FEMA Hazard Mitigation Grant Program Eligibility Requirements for Participants of the New Secure Housing Program – Hurricane Georges	\$625,854	\$0	\$0
63. OIG-14-122	7/14	Evaluation of Alleged AUO Misuse at U.S. Citizenship and Immigration Services, Office of Security and Integrity (Office of Special Counsel File No. DI-13-3418) ⁴	\$0	\$0	\$0
64. OIG-14-123-D	8/14	FEMA's Progress in Clarifying its "50 Percent Rule" for the Public Assistance Grant Program	\$0	\$0	\$0

⁴ This report has not been made public pending completion of the Office of Special Counsel's review. Once released, the full report will be posted on our public website.

Appendix 4

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
65. OIG-14-124-D	8/14	FEMA Should Recover \$985,887 of Ineligible and Unneeded Public Assistance Grant Funds Awarded to Cobb County, Georgia, as a Result of Severe Storms and Flooding	\$418,457	\$0	\$320,958
66. OIG-14-125-D	8/14	City of Flagstaff, Arizona, Generally Accounted for and Expended FEMA Grant Funds Properly, But FEMA Should Disallow \$124,443 and Deobligate \$57,941 of Public Assistance Grant Funds	\$93,332	\$0	\$43,456
67. OIG-14-126	8/14	DHS Does Not Adequately Manage or Have Enforcement Authority Over Its Components' Vehicle Fleet Operations	\$0	\$0	\$48,600,000
68. OIG-14-127-D	8/14	FEMA Should Recover \$4.9 Million of \$87.7 Million in Public Assistance Grant Funds Awarded to the Hancock County, Mississippi, Board of Supervisors for Hurricane Katrina Damages	\$1,330,937	\$0	\$3,586,091
69. OIG-14-128-D	8/14	Santa Clara Pueblo, New Mexico, Needs Assistance to Ensure Compliance with FEMA Public Assistance Grant Requirements	\$0	\$0	\$5,534,109
70. OIG-14-129	8/14	DHS Has Not Effectively Managed Pandemic Personal Protective Equipment and Antiviral Medical Countermeasures	\$0	\$0	\$0
71. OIG-14-130-D	9/14	The City of Elizabeth, New Jersey, Has Adequate Policies, Procedures, and Business Practices in Place to Effectively Manage FEMA Public Assistance Grant Funds	\$0	\$0	\$0
72. OIG-14-131 ⁵	9/14	CBP Did Not Effectively Plan and Manage Employee Housing in Ajo, Arizona (Revised)	\$0	\$0	\$4,558,062

⁵ The report was originally issued in September 2014, but was revised to properly identify the type of mobile homes purchased. The revised report was issued in October 2014. The report number and findings did not change.

Appendix 4

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
73. OIG-14-132	9/14	Audit of Security Controls for DHS Information Technology Systems at Dallas/Fort Worth International Airport	\$0	\$0	\$0
74. OIG-14-133-D	9/14	Louisiana Should Monitor \$39.8 Million of FEMA Funds Awarded to Pontchartrain Housing Corporation I to Ensure Compliance with Federal Regulations	\$0	\$0	\$19,500,000
75. OIG-14-134-D	9/14	FEMA's Efforts To Collect a \$23.1 Million Debt from the State of Louisiana Should Have Been More Aggressive	\$29,321,320	\$0	\$0
76. OIG-14-135	9/14	(U) Review of DHS' Information Security Program for Intelligence Systems for Fiscal Year 2014	\$0	\$0	\$0
77. OIG-14-136-D	9/14	The City of Albuquerque, New Mexico, Needs Assistance to Ensure Compliance with FEMA Public Assistance Grant Requirements	\$0	\$0	\$1,982,261
78. OIG-14-137	9/14	The DHS Visa Security Program	\$0	\$0	\$0
79. OIG-14-138	9/14	TSA's Management of Secure 1000SP Advanced Imaging Technology Units	\$0	\$0	\$0
80. OIG-14-139	9/14	Enhancements in Technical Controls and Training Can Improve the Security of CBP's Trusted Traveler Programs	\$0	\$0	\$0
81. OIG-14-140	9/14	Annual Review of the United States Coast Guard's Mission Performance (FY 2013)	\$0	\$0	\$0
82. OIG-14-141-D	9/14	New York City Department of Correction Has Adequate Policies, Procedures, and Business Practices in Place to Effectively Manage FEMA Public Assistance Grant Funds	\$0	\$0	\$0

Appendix 4

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
83. OIG-14-142	9/14	(U) Vulnerabilities Exist in TSA's Checked Baggage Screening Operations	\$0	\$0	\$0
84. OIG-14-143-D	9/14	The Village of Corrales, New Mexico, Needs Assistance to Ensure Compliance with FEMA Public Assistance Grant Requirements	\$0	\$0	\$1,546,425
85. OIG-14-144	9/14	Evaluation of Alleged AUO Misuse at U.S. Border Patrol Headquarters ⁶	\$0	\$0	\$0
86. OIG-14-145-D	9/14	FEMA's Incorrect Decisions to Replace Rather than Repair Facilities in Cedar Rapids, Iowa Cost Taxpayers Over \$12 Million	\$250,940	\$0	\$0
87. OIG-14-146-D	9/14	Catoosa County, Georgia, Effectively Managed FEMA Public Assistance Grant Funds Awarded for Severe Storms and Flooding in April 2011	\$0	\$0	\$0
88. OIG-14-147	9/14	District of Columbia's Management of Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012	\$1,301,860	\$1,301,860	\$0
89. OIG-14-148-D	9/14	FEMA Should Disallow \$9.6 Million of Disaster-Related Costs Incurred by the University of New Orleans Research and Technology Foundation, New Orleans, Louisiana	\$9,627,379	\$0	\$0
90. OIG-14-149-D	9/14	East St. Tammany Events Center Generally Followed Regulations for Spending FEMA Public Assistance Funds	\$0	\$0	\$111,335

⁶ This report has not been made public pending completion of the Office of Special Counsel's review. Once released, the full report will be posted on our public website.

Appendix 4

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
91. OIG-14-150-D	9/14	FEMA and the State of Louisiana Need to Accelerate the Funding of \$812 Million in Hazard Mitigation Grant Program Funds and Develop a Plan to Close Approved Projects	\$0	\$0	\$812,238,776
92. OIG-14-151	9/14	FEMA's Logistics Supply Chain Management System May Not Be Effective During a Catastrophic Disaster	\$0	\$0	\$0
93. OIG-14-152-D	9/14	West Jackson County Utility District, Mississippi, Effectively Managed FEMA Public Assistance Grant Funds Awarded for Hurricane Katrina Damages	\$0	\$0	\$0
94. No DHS OIG Number	6/14	Information Sharing Prior to the April 15, 2013 Boston Marathon Bombings	\$0	\$0	\$0
95. No DHS OIG Number	7/14	Oversight of Unaccompanied Alien Children	\$0	\$0	\$0
96. No DHS OIG Number	8/14	Oversight of Unaccompanied Alien Children	\$0	\$0	\$0
		Totals	\$59,424,677	\$2,679,489	\$898,468,917

Report Number Abbreviations:

A report number ending with a 'D' is a disaster relief fund report.

Notes and Explanations:

- (a) DHS OIG reports the Federal share of costs it questions. The Total Questioned Costs column includes the Federal share of ineligible and unsupported costs.
- (b) The Unsupported Costs column is a subset of Total Questioned Costs and is shown separately as required by the *Inspector General Act*.

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
DA-12-08	2/17/2012	FEMA Public Assistance Grant Funds Awarded to the Kentucky National Guard	\$33,288	\$33,288	\$0	\$33,288
DA-13-03	11/6/2012	FEMA Should Recover \$5.3 Million of Public Assistance Grant Funds Awarded to the University of Southern Mississippi - Hurricane Katrina	\$3,884,150	\$3,884,150		\$3,884,150
DA-13-10	2/22/2013	FEMA Should Recover \$8.5 Million of Public Assistance Grant Funds Awarded to the City of Gulfport, Mississippi, for Debris Removal and Emergency Protective Measures - Hurricane Katrina	\$6,769,490	\$1,218,909	\$5,550,581	\$1,218,909
DA-13-12	3/15/2013	FEMA Should Recover \$34,219 From a \$3.0 Million Public Assistance Grant Awarded to Bibb County, Georgia	\$16,732	\$16,732		\$16,732
DD-02-05 (2005)	11/30/2004	Grants Management: Louisiana's Compliance With Disaster Assistance Program's Requirements	\$1,162,511	\$1,097,441	\$65,070	\$1,097,441
DD-09-17	9/30/2009	City of New Orleans Community Correctional Center	\$296,171	\$296,171	\$0	\$296,171
DD-12-13	6/19/2012	FEMA Hazard Mitigation Grant Program Funds Awarded to Comal County, Texas	\$12,226,887	\$6,976,887	\$5,250,000	\$6,976,887

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
DD-13-07	2/27/2013	FEMA Should Recover \$881,956 of Ineligible Funds and \$862,983 of Unused Funds Awarded to St. Charles Parish School Board, Luling, Louisiana	\$1,127,446	\$644,875	\$482,571	\$644,875
DS-12-03	2/9/2012	FEMA Public Assistance Grant Funds Awarded to Paso Robles Joint Unified School District, California	\$9,719,148	\$1,664,152	\$8,054,996	\$1,664,152
OIG-14-12-D	12/5/2013	FEMA Should Recover \$10.9 Million of Improper Contracting Costs from Grant Funds Awarded to Columbus Regional Hospital, Columbus, Indiana	\$8,242,875	\$7,253,103	\$989,772	\$7,253,103
OIG-14-24-D	12/30/2013	The Town of San Anselmo, California, Generally Followed Regulations for Spending FEMA Public Assistance Funds	\$19,575	\$15,851	\$3,724	\$15,851
OIG-14-49-D	3/13/2014	FEMA Should Recover \$8.2 Million of the \$14.9 Million of Public Assistance Grant Funds Awarded to the Harrison County School District, Mississippi - Hurricane Katrina	\$61,958	\$61,958	\$0	\$61,958
OIG-14-53-D	3/21/2014	FEMA Should Recover \$2.3 Million of Unsupported, Unused, and Ineligible Grant Funds Awarded to East Jefferson General Hospital, Metairie, Louisiana	\$1,782,806	\$1,751,033	\$31,773	\$1,751,033

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
OIG-14-54-D	3/21/2014	FEMA Should Recover \$3.7 Million in Unneeded Funds and Review the Eligibility of \$344,319 of \$5.84 Million in Public Assistance Grant Funds Awarded to the Borough of Beach Haven, New Jersey, for Hurricane Sandy Debris Removal Activities	\$3,334,763	\$3,334,763	\$0	\$3,334,763
OIG-14-56-D	3/24/2014	Santa Cruz Port District Generally Followed Regulations for Spending FEMA Public Assistance Funds	\$27,622	\$27,622	\$0	\$27,622
OIG-14-127-D	8/26/2014	FEMA Should Recover \$4.9 Million of \$87.7 Million in Public Assistance Grant Funds Awarded to the Hancock County, Mississippi, Board of Supervisors for Hurricane Katrina Damages	\$3,669,424	\$3,669,424	\$0	\$3,669,424
Investigative Recoveries	4/14 – 9/14					\$797,488
Totals			\$52,374,846	\$31,946,359	\$20,428,487	\$32,743,847

Report Number Abbreviations:

- OIG-14-XX- D Disaster Relief Fund Report
- DA Disaster Assistance Audit, Atlanta Office
- DD Disaster Assistance Audit, Dallas Office
- DS Disaster Assistance Audit, Oakland Office
- INV Recoveries, other than administrative cost savings, which resulted from investigative efforts

Appendix 6⁵

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, 2014–September 30, 2014.	N/A	N/A	N/A

⁵ 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 conducted by or of an OIG during and prior to the current reporting period.

Although the DHS OIG was not the subject of another OIG's peer review during this reporting period, nor did it conduct a peer review of another OIG, this report includes information, as required, relating to outstanding recommendations from previous peer reviews conducted by other OIGs. There are no outstanding recommendations from previous peer reviews by the DHS OIG or other OIGs.

Outstanding Recommendations from Previous Peer Reviews

Peer Review Conducted 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 U.S. Postal Service OIG in June 2012, for the fiscal year ending September 30, 2011. We implemented all but one recommendation made by U.S. Postal Service OIG regarding Audit Manual training. Audit Manual training is on hold pending updates to our Audit Manual scheduled for FY 2015.

Peer Review Conducted of DHS OIG Investigative Operations

Our Office of Investigations received a peer review rating of "compliant" in September 2013, as a result of our latest peer review completed by the Department of Defense OIG for the period ending April 2013. We are working to implement all suggested policies and procedures.

Appendix 8

Acronyms and Abbreviations

AUO	administratively uncontrollable overtime
CBP	U.S. Customs and Border Protection
CBPO	U.S. Customs and Border Protection Officer
CIO	Chief Information Officer
DHS	Department of Homeland Security
EMO	Office of Emergency Management Oversight
DNDO	Domestic Nuclear Detection Office
FBI	Federal Bureau of Investigation
FECA	<i>Federal Employees' Compensation Act, as amended</i>
FEMA	Federal Emergency Management Agency
FLETC	Federal Law Enforcement Training Center
FY	fiscal year
GAO	General Accountability Office
HMGP	Hazard Mitigation Grant Program
I&A	Office of Intelligence and Analysis
ICE	U.S. Immigration and Customs Enforcement
INV	Office of Investigations
ISP	Office of Inspections
IT	information technology
ITA	Office of Information Technology Audits
JTTF	Joint Terrorism Task Force
KPMG	KPMG LLP
NPPD	National Protection and Programs Directorate
NYC DOT	New York City Department of Transportation
OA	Office of Audits
OCIO	Office of the Chief Information Officer
OIG	Office of Inspector General
PLCY	Office of Policy
RATB	Recovery Accountability and Transparency Board
RFID	radio frequency identification
SHSP	State Homeland Security Program
TECS	CBP database
TSA	Transportation Security Administration
TTP	Trusted Traveler Programs
(U)	Unclassified
UAC	unaccompanied alien children
U.S.	United States
USCG	United States Coast Guard
USCIS	U.S. Citizenship and Immigration Services
WSM	Workload Staffing Model

Appendix 9

OIG Contacts and Locations

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Michael Mobbs	Acting Counsel
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John Laferty	Acting 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	28
Significant Problems, Abuses, and Deficiencies	6-24
Recommendations with Significant Problems	6-24
Prior Recommendations Not Yet Implemented	37-39
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Additional Information:

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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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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.

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