



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Securing the Homeland



SEMIANNUAL REPORT TO THE CONGRESS
October 1, 2013 through March 31, 2014

Statistical Highlights of OIG Activities

October 1, 2013 through March 31, 2014

Dollar Impact

Questioned Costs	\$88,641,881
Funds Put to Better Use	\$8,931,319
Management Agreement That Funds Be Recovered from Audits	\$213,640
Funds Recovered/Deobligated (from audits and investigations)	\$40,162,046
Funds Recovered/Deobligated from Audits	\$14,894,951
Recoveries from Investigations	\$25,267,095
Fines	\$1,340,425
Restitutions	\$6,809,580

Activities

Reports Issued	59
Management Reports to DHS	33
Disaster Relief Fund Reports to DHS	25
Reports for the Council of the Inspectors General on Integrity and Efficiency	1
Investigative Reports Issued	340
Investigations Initiated	238
Investigations Closed	380
Open Investigations	885
Investigations Referred for Prosecution	125
Investigations Accepted for Prosecution	44
Investigations Declined for Prosecution	86
Arrests	81
Indictments	45
Convictions	56
Personnel Actions	16
Total Complaints Received	7,250
Complaints Referred (to programs or other agencies)	6,053
Complaints Closed	6,891



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

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

April 30, 2014

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

Dear Mr. Secretary:

I am pleased to present my first semiannual report, which summarizes the activities and accomplishments of the Office of Inspector General for the 6 months that ended on March 31, 2014.

This report, as you will see, contains some impressive numbers:

- We initiated 238 and closed 380 investigations. We were responsible for 81 arrests, 45 indictments, 56 convictions, and 16 personnel actions. This led to \$33 million in recoveries, fines, and restitutions.
- In our 58 management and disaster relief fund reports, we identified \$88.6 million in questioned costs. We also issued 7 reports identifying \$8.9 million in funds that could be put to better use.

These figures, which we are required to report, show that our office easily pays for itself, but they do not reflect our full contribution to the Department and the American people. We made 325 recommendations to improve Department programs and operations in which we identified waste and vulnerabilities. For example:

- DHS components allowed certain employees to drive government vehicles to and from work, but did not ensure that such use is justified.
- In CBP's acquisition of its Advanced Training Center, it did not develop and execute a multi-million dollar interagency agreement according to Federal, departmental, and component requirements. CBP also approved millions of dollars worth of contract modifications without ensuring they were needed and reasonable.
- FEMA gave inaccurate advice to its sub-grantees about requirements for spending Federal disaster relief money.
- DHS has had significant challenges in complying with Federal computer security requirements.

We cannot place a dollar figure on the value of these audits, but there is little question that, if our recommendations are followed, the Department can save hundreds of millions per year and more effectively execute its mission.

Unfortunately, although the situation has improved, a significant number of recommendations – 847 as of March 31 – remain open and unimplemented. Moreover, the Department and our office have not yet reached agreement on some reports, and in other cases, the affected component has not timely submitted a corrective action plan. I look for your support as I work to correct these issues.

Lastly, this report does not reflect, and really cannot reflect, the dedication to duty of the career professionals in the Office of Inspector General. Every day for the last 6 months, these men and women have come to work and done a remarkable job under difficult circumstances. Their contributions to the Department and the country are invisible to most, and I would be remiss if I did not take this opportunity to tell you how thoroughly impressed I am with them.

Sincerely,

John Roth
Inspector General

Table of Contents

STATISTICAL HIGHLIGHTS OF OFFICE OF INSPECTOR GENERAL ACTIVITIES	INSIDE COVER
INSPECTOR GENERAL’S MESSAGE	1
EXECUTIVE SUMMARY	4
DEPARTMENT OF HOMELAND SECURITY PROFILE	5
OFFICE OF INSPECTOR GENERAL PROFILE	6
SUMMARY OF SIGNIFICANT OFFICE OF INSPECTOR GENERAL ACTIVITY	8
DOMESTIC NUCLEAR DETECTION OFFICE	9
FEDERAL EMERGENCY MANAGEMENT AGENCY	9
MANAGEMENT DIRECTORATE	22
NATIONAL PROTECTION AND PROGRAMS DIRECTORATE	24
OFFICE FOR CIVIL RIGHTS AND CIVIL LIBERTIES	25
TRANSPORTATION SECURITY ADMINISTRATION	25
UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES	25
UNITED STATES COAST GUARD	26
UNITED STATES CUSTOMS AND BORDER PROTECTION	27
UNITED STATES IMMIGRATION AND CUSTOMS ENFORCEMENT	30
UNITED STATES SECRET SERVICE	32
MULTIPLE COMPONENTS	32
OTHER OFFICE OF INSPECTOR GENERAL ACTIVITIES	34
OVERSIGHT OF NONDEPARTMENTAL AUDITS	35
COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY REPORT	35
SUMMARY OF REPORTS UNRESOLVED MORE THAN 6 MONTHS	35
OIG EFFORTS TO IMPROVE TRACKING OF RECURRING FINANCIAL STATEMENT RECOMMENDATIONS	36
LEGISLATIVE AND REGULATORY REVIEWS	38
CONGRESSIONAL TESTIMONY AND BRIEFINGS	40
APPENDIXES	42
APPENDIX 1 REPORTS WITH MONETARY FINDINGS	43
APPENDIX 2 COMPLIANCE—RESOLUTION OF REPORTS AND RECOMMENDATIONS	46
APPENDIX 3 REPORTS ISSUED	47
APPENDIX 4 SCHEDULE OF AMOUNTS DUE AND RECOVERED/DEOBLIGATED	54
APPENDIX 5 CONTRACT AUDIT REPORTS	56
APPENDIX 6 PEER REVIEW RESULTS	57
APPENDIX 7 ACRONYMS	58
APPENDIX 8 OIG CONTACTS AND LOCATIONS	60
APPENDIX 9 INDEX TO REPORTING REQUIREMENTS	61

Executive Summary

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 covers October 1, 2013, through March 31, 2014. The report reflects our office's accomplishments and the Department of Homeland Security's (DHS) efforts to address our recommendations (appendixes 1 and 2).

During this reporting period, we completed significant audit, inspection, and investigative work to promote economy, efficiency, effectiveness, and integrity in the Department's programs and operations. Specifically, we issued 340 investigative reports, 58 management and disaster relief fund reports (appendix 3), and a report for the Council of the Inspectors General on Integrity and Efficiency while continuing to strengthen our transparency and internal oversight. Our reports provide DHS' Secretary and Congress with an objective assessment of the issues facing the Department. 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 \$88,641,881, of which \$2,857,697 did not have supporting documentation. The Department recovered or deobligated \$14,894,951 (appendix 4) as a result of disallowed costs identified in current and previous audit reports. We issued 7 reports

identifying \$8,931,319 in funds that could be put to better use. We initiated 238 investigations and closed 380 investigations. Our investigations resulted in 81 arrests, 45 indictments, 56 convictions, and 16 personnel actions. Additionally, we reported \$33,417,100 in recoveries, fines, and restitutions from investigations.

We issued 325 recommendations that, if implemented, should improve the Department's programs and operations, and we closed 543 recommendations. Of the closed recommendations, we closed 165 because they mirrored prior recommendations that DHS did not implement. The recommendations resulted from our annual financial statement audits, which continue to identify some of the same findings. We will only track the original recommendations in our semiannual reports. We will continue to encourage the Department to take timely corrective actions to address our findings and recommendations, particularly the 847 unique recommendations that remain open and unimplemented at the end of this reporting period.

We have a dual reporting responsibility to Congress and DHS' Secretary. During the reporting period, we continued to actively engage with Congress on a range of issues relating to our work and that of the Department. We also testified before Congress on five occasions during this reporting period. We provide hearing testimony at www.oig.dhs.gov/.

Department of Homeland Security Profile

On November 25, 2002, President Bush signed the *Homeland Security Act of 2002*, Public Law 107-296, as amended, officially establishing DHS, with the primary mission of protecting the American homeland. DHS became operational on January 24, 2003. On March 1, 2003, under the President's reorganization plan, 22 agencies and approximately 181,000 employees were transferred to the new Department.

DHS is organized into the following components:

- Domestic Nuclear Detection Office
- Federal Emergency Management Agency
- Federal Law Enforcement Training Center
- Management Directorate
- National Protection and Programs Directorate
- Office for Civil Rights and Civil Liberties
- Office of General Counsel
- Office of Health Affairs
- Office of Inspector General
- Office of Intelligence and Analysis
- Office of Legislative Affairs
- Office of Operations Coordination and Planning
- Office of Policy
- Privacy Office
- Science and Technology Directorate
- Transportation Security Administration
- United States Citizenship and Immigration Services
- United States Coast Guard
- United States Customs and Border Protection
- United States Immigration and Customs Enforcement
- United States Secret Service

Office of Inspector General Profile



The *Homeland Security Act of 2002* established an Office of Inspector General (OIG) in DHS 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 reports directly to 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.

During the reporting period, the President appointed and Congress confirmed a new Inspector General, John Roth.

OIG consists of the following offices:

- ***The Executive Office*** consists of the Inspector General, the Deputy Inspector General, Chief Operating Officer, Chief of Staff, and a Special Assistant. It provides executive leadership to OIG.
- ***The Office of Integrity and Quality Oversight (IQO)*** aims to improve OIG's operations and enhance support of the DHS mission, programs, and operations. IQO manages the Hotline, Whistleblower Protection, and Ombudsman programs; investigative case files; compliance and quality assurance; and audit and inspection report quality. IQO's quality assurance program includes conducting internal desk audits, overseeing external peer reviews, and assessing OIG offices' compliance with quality requirements for investigative, audit, and inspection reports.

- **The Office of External Affairs** is our primary liaison to members of Congress and their staff, and functions as the principal point of contact for all media outlets and the public.
- **The Office of Counsel** serves as the OIG’s lawyers, and provides legal advice to the Inspector General and OIG officials.
- **The Office of Audits** (OA) conducts and coordinates audits and program evaluations of the management and financial operations of DHS.
- **The Office of Emergency Management Oversight** (EMO) conducts audits to ensure that disaster relief funds are spent appropriately, while identifying fraud, waste, and abuse as early as possible.
- **The Office of Information Technology Audits** (ITA) conducts audits and evaluations of DHS’ information technology (IT) management, cyber infrastructure, systems integration, and systems privacy activities protections.
- **The Office of Inspections** (ISP) analyzes programs quickly to evaluate operational efficiency, effectiveness, and vulnerability. This work includes special reviews of sensitive issues that can arise suddenly and congressional requests for studies that require immediate attention.
- **The Office of Investigations** (INV) investigates allegations of criminal, civil, and administrative misconduct involving DHS employees, contractors, grantees, and programs. These investigations can result in criminal prosecutions, fines, civil monetary penalties, administrative sanctions, and personnel actions.
- **The Office of Management** provides a complete array of administrative support functions to OIG, including budget, personnel, and information technology. The office also prepares OIG’s annual performance plan and semiannual reports to Congress.

SUMMARY OF SIGNIFICANT OIG ACTIVITY



DOMESTIC NUCLEAR DETECTION OFFICE

INVESTIGATION

Company Official Engages in Contract Fraud

We investigated allegations that a senior contracting official of the Federal Protective Service was accepting bribes to steer and award contracts. Our investigation indicated that one company, which had falsely represented itself as minority-owned, had won several DHS contracts, including one valued at over \$48 million. Thus far, with the assistance of several law enforcement partners, our investigation has resulted in the conviction of several individuals who have been ordered to serve sentences, pay fines and make restitution. In this reporting period, one of the conspirators was sentenced to 60 months imprisonment, followed by 24 months supervised release. He was also ordered to pay a \$12,500 fine and forfeit \$2,960,697 in assets. (INV)

FEDERAL EMERGENCY MANAGEMENT AGENCY

MANAGEMENT REPORTS

State Homeland Security Program and Urban Area Security Initiative Grants

Public Law 110–53, *Implementing Recommendations of the 9/11 Commission Act*, requires DHS OIG to audit individual States' management of State Homeland Security Program (SHSP) and Urban Areas Security Initiative (UASI) grants. As part of the Homeland Security Grant Program, SHSP and UASI provide Federal funding to help State and local agencies enhance capabilities to protect against, respond to, and recover from acts of terrorism, natural and manmade disasters, and other emergencies. Our audit objective was to determine whether States and territories distribute and spend these grant funds effectively and efficiently, and in compliance with laws and regulations.

Following are the States and U.S. territories audited this reporting period. A list of the reports,

including questioned costs and unsupported costs, is provided in appendix 3.

Puerto Rico's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011

The Federal Emergency Management Agency (FEMA) awarded Puerto Rico more than \$24 million in SHSP and UASI grants for Fiscal Years (FY) 2009 through 2011. In most instances, Puerto Rico's administrative agency effectively and efficiently administered the program requirements, distributed grant funds, and ensured that all available funds were used. However, we identified seven areas for improvement in Puerto Rico: fusion center contingency planning, grant expenditures, strategic planning, subgrantee monitoring, Single Audits, financial reporting, and obligation of funds. Additionally, we identified more than \$2 million in questioned costs, primarily resulting from unsupported costs, unauthorized equipment purchases, and subgrantees' improper use of funds in FYs 2009 through 2011.

The 15 recommendations call for FEMA to initiate improvements, which if implemented, should help strengthen program management, performance, and oversight. FEMA concurred with all 15 recommendations and is taking or planning to take corrective actions to implement the recommendations.

(OIG-14-04, Revised, November 2013, OA)
http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-04_Oct13.pdf

The Commonwealth of the Northern Mariana Islands' Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011

FEMA awarded the Northern Mariana Islands more than \$4 million in SHSP grants for FYs 2009 through 2011. In most instances, the islands spent grant funds in accordance with applicable Federal laws and regulations. However, we identified several areas in which FEMA and the Commonwealth can improve SHSP grant management. Specifically, the Commonwealth needs to revise its homeland security strategy to include measurable objectives with realistic target

dates for completion, periodically assess improvements in preparedness, and retain documentation for its vulnerability assessments. The Commonwealth also needs to maintain supporting documentation for travel expenses and to report financial and performance information timely.

The nine recommendations call for FEMA to initiate improvements, which if implemented, should help strengthen program management, performance, and oversight. FEMA concurred with all nine recommendations and is taking or planning to take corrective actions to implement the recommendations.

(OIG-14-05, November 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-05_Nov13.pdf

Guam's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011

FEMA awarded Guam more than \$4 million in SHSP grants for FYs 2009 through 2011. In most instances, Guam spent grant funds in accordance with applicable Federal laws and regulations. However, we identified several areas in which FEMA and Guam can improve management of SHSP grants. Specifically, Guam needs to revise its homeland security strategy to include measurable objectives with realistic target dates for completion, periodically assess improvements in preparedness, retain documentation for its vulnerability assessments, and improve its subgrant management. As a result, Guam could not fully assess whether SHSP funding enhanced its preparedness and security.

The 10 recommendations call for FEMA to initiate improvements, which if implemented, should help strengthen program management, performance, and oversight. FEMA concurred with all 10 recommendations and is taking or planning to take corrective actions to implement the recommendations.

(OIG-14-06, November 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-06_Nov13.pdf

Oregon's Management of State Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012

In most instances, Oregon and Portland Urban Area used UASI funds according to laws, program guidance, and homeland security plans. However, it did not always use SHSP funds according to laws or program guidance. The State can improve its grant management practices by: (1) documenting and claiming management costs properly, (2) monitoring its subgrantees more effectively, (3) obligating grant funds within the required time period, (4) reporting grant fund obligations properly, and (5) developing a performance measurement system. We questioned approximately \$2.3 million in SHSP expenses for FYs 2010 through 2012. We made nine recommendations, which when implemented, will strengthen grant program management, performance, and oversight. FEMA concurred with all of the recommendations and is taking action to address them.

(OIG-14-14, December 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-14_Dec13.pdf

American Samoa's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011

FEMA awarded American Samoa about \$4 million in SHSP grants for FYs 2009 through 2011. American Samoa did not aggressively manage FYs 2009 through 2011 SHSP grant funds, properly identify and assess its risks and vulnerabilities, and measure its progress in achieving needed capabilities. As of January 25, 2013, American Samoa had only obligated and expended \$204,000 of \$4 million awarded. It also did not comply with Federal requirements for training and exercises, property management, and accounting for personnel time charges. As a result, American Samoa's preparedness did not comply with FEMA requirements in emergency response equipment, training, and exercises. We questioned costs totaling \$52,292 that resulted from charging FY 2012 management and administration costs against the FY 2008 grant.

We made 17 recommendations that call for FEMA to initiate improvements, which if implemented, should help strengthen program management, performance, and oversight. FEMA and American Samoa concurred with all 17 recommendations and are taking or planning to take corrective actions to implement the recommendations. (OIG-14-16, December 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-16_Dec13.pdf

Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2013

Public Law 110-53, *Implementing Recommendations of the 9/11 Commission Act of 2007*, requires DHS OIG to audit individual States' and territories' management of SHSP and UASI grants, and annually submit to Congress a report summarizing the results of those audits. This report responds to the annual reporting requirement and summarizes audits of 10 States and 1 urban area completed in FY 2013.

FEMA awarded these States and one urban area more than \$668 million during the fiscal years audited. In most cases, the States and urban area efficiently and effectively administered grant management program requirements in compliance with grant management guidance and regulations. We identified two innovative practices that could be considered for use by other jurisdictions.

The individual audits identified two key areas for improvement: strategic planning and oversight of grant activities. We also identified more than \$5.7 million in questioned costs. The report summarizes 76 recommendations addressing these areas. FEMA concurred with 70 of the recommendations, and corrective actions are underway to implement them.

(OIG-14-22, December 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-22_Dec13.pdf

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

Delaware distributed, administered, and spent SHSP grant funds strategically, effectively, and in compliance with laws, regulations, and guidance. SHSP funds appeared to enhance Delaware's ability to prevent, prepare for, protect against, and respond to natural disasters, acts of terrorism, and other manmade disasters. Delaware developed a state homeland security strategy that incorporated the five mission areas from the DHS *National Preparedness Guidelines*. As required by FEMA, Delaware conducted a Threat Hazard Identification and Risk Assessment in FY 2012 and used the results to inform its State Preparedness Report. The Delaware Emergency Management Agency has sufficient internal controls over grant funds. We made no recommendations.

(OIG-14-23, December 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-23_Dec13.pdf

Hawaii's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011

FEMA awarded Hawaii about \$27.8 million in SHSP and UASI grants for FYs 2009 through 2011. In most instances, Hawaii distributed and spent the awards in compliance with applicable laws and regulations. However, we identified areas in which Hawaii can improve its management of the grant funds: state homeland security strategies, policies and procedures for day-to-day management activities, Federal procurement requirements, timeliness of expenditures, reporting personnel time charges, monitoring subgrantees, managing and accounting for property, obligating funds to subgrantees, documenting expenditures, and reporting on financial status of grants received. Hawaii must also ensure that procured equipment was needed and used for the purposes intended. Management needed to ensure that the State's fusion center's goals and objectives supported national capability needs, and that Hawaii does not rely solely on DHS funding to sustain fusion center operations in the future.

We questioned costs of about \$7.4 million that resulted from noncompliance with Federal procurement rules, unsupported personnel time charges, and an inability to support the benefits to local subgrantees of funds the State withheld.

We made 26 recommendations that call for FEMA to initiate improvements, which if implemented, should help strengthen program management, performance, and oversight. FEMA concurred with 25 of the 26 recommendations and is taking or planning to take corrective actions to implement the recommendations.

(OIG-14-25, January 2014, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-25_Jan14.pdf

The State of Wyoming’s Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012

Wyoming received about \$15 million in SHSP grant funds during FYs 2010 through 2012. In most instances, the State distributed and spent SHSP grant funds in compliance with applicable Federal laws and regulations. However, the State needs to: (1) establish a means to measure progress toward preparedness as a result of receiving grant funds, (2) allocate funding based on risks, (3) ensure that grant funds are expended in compliance with Federal requirements and in alignment with the purpose of the grant, and (4) have a plan to sustain preparedness capabilities if grant funds are reduced or eliminated. We made nine recommendations to FEMA, which when implemented, should strengthen program management, performance, and oversight.

FEMA and Wyoming concurred with six of nine recommendations and are taking or planning to take steps for corrective actions.

(OIG-14-31, February 2014, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-31_Feb14.pdf

Vermont’s Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 through 2012

In most instances, the Vermont Department of Public Safety administered its SHSP grant

programs in compliance with Federal requirements and DHS guidelines. SHSP grant funds were spent on allowable items and activities, and there were proper controls over the approval of expenditures and reimbursement of funds. However, Vermont needs to improve its homeland security strategies by including specific, measurable, results-oriented, and time-limited objectives and tools to assess progress toward attaining its goals. Vermont should also improve the timeliness of fund obligation, property management and inventory controls, compliance with procurement requirements, and monitoring of its subgrantees. We made eight recommendations to FEMA, which when implemented, should strengthen program management, performance, and oversight. FEMA concurred with all eight recommendations.

(OIG-14-48, March 2014, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-48_Mar14.pdf

DISASTER RELIEF FUND

The Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93–288, as amended, governs disasters declared by the President of the United States. Title 44 of the Code of Federal Regulations (CFR) provides further guidance and requirements for administering disaster assistance grants FEMA awards. We review disaster programs and grants FEMA awards to ensure disaster programs are operating as intended and that grantees or subgrantees account for and expend FEMA funds according to Federal regulations and FEMA guidelines.

Appendix 3 provides a list of the reports, including costs questioned and costs unsupported by documentation.

FEMA’s Application of Rules and Federal Regulations in Determining Debris Removal Eligibility for Livingston Parish, Louisiana

We audited FEMA to determine whether it correctly applied its rules and Federal regulations to determine the eligibility of debris removal costs that Livingston Parish, Louisiana, (Parish) claimed for recovery from Hurricane Gustav, which occurred in September 2008.

FEMA did not always correctly apply its rules and Federal regulations in making those decisions. Specifically, for two appeals, FEMA did not provide a decision on the Parish's appeals within the 90-day time limit that Federal regulation requires. In the third instance, FEMA held the Parish's second appeal for reimbursement of costs it incurred for clearing waterways for 655 days—more than 21 months—before it responded. As a result, section 565 of Public Law 113–6 allows the Parish to submit the dispute to the arbitration process.

(OIG-14-01-D, October 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-01-D_Oct13.pdf

Santa Cruz County, California, Generally Followed Regulations for Spending FEMA Public Assistance Funds

Santa Cruz County, California, (County) generally followed regulations for spending FEMA Public Assistance grant funds, for disaster number 1646-DR-CA. County officials generally accounted for and expended FEMA Public Assistance grant funds according to Federal regulations and FEMA guidelines. However, the County received \$213,574 for 16 small projects and approximately \$81,760 for 1 large project that the County did not complete. According to 44 CFR 206.204(d)(2), FEMA will not provide funding if an eligible applicant fails to complete a large or small project.

We recommended that the FEMA Region IX Administrator: (1) disallow \$213,574 (Federal share \$160,181) as ineligible for 16 small projects the County did not complete, and (2) deobligate \$81,760 (Federal share \$61,320) in unused funding for Project 85 and put those funds to better use. After our September 2013 exit conferences, FEMA disallowed and deobligated \$213,574 for the 16 uncompleted small projects and deobligated \$81,760 for the uncompleted large project.

Therefore, we consider the recommendations for this report to be resolved and closed.

(OIG-14-03-D, October 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-03-D_Oct13.pdf

FEMA Should Recover \$154,143 of Public Assistance Grant Funds Awarded to Brevard County under Hurricane Wilma

Brevard County, Florida, (County) received a Public Assistance award totaling \$12.1 million from the Florida Division of Emergency Management (State), a FEMA grantee, for damages resulting from Hurricane Wilma, which occurred in October 2005. The award provided 100 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to buildings and facilities. We limited our audit to \$1.2 million awarded under projects for debris removal and emergency protective measures. The County generally accounted for FEMA grant funds according to Federal regulations and FEMA guidelines for the projects included in our review. However, FEMA should recover \$154,143 of ineligible costs the County claimed, which includes \$75,494 of costs covered by insurance, \$45,577 of costs covered by another agency, and \$33,072 of costs for repairs to facilities for which the County did not obtain and maintain required insurance coverage to protect the facilities against future losses.

(OIG-14-07-D, November 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-07-D_Nov13.pdf

FEMA Should Recover \$615,613 of Public Assistance Grant Funds Awarded to Orlando Utilities Commission under Hurricane Jeanne

The Orlando Utilities Commission, Florida, (Utility) received an award of \$3.4 million from the Florida Division of Emergency Management (FDEM), a FEMA grantee, for damages resulting from Hurricane Jeanne, which occurred in September 2004. The award provided 90 percent FEMA funding for debris removal activities, emergency protective measures, repair of the electric transmission and distribution system, repair/replacement of buildings and equipment, and other disaster-related activities. We reviewed costs totaling \$2.7 million. The Utility's claim included \$615,613 for nonemergency contract work that did not meet Federal procurement requirements and FEMA guidelines. As a result, full and open competition did not occur and

FEMA has no assurance that contract costs were reasonable or that minority firms, women's business enterprises, and labor surplus area firms had an opportunity to bid on the work. These conditions occurred because FDEM did not fulfill its duty as the grantee to ensure that subgrantees were aware of and followed Federal regulations. We recommended that the Regional Administrator, FEMA Region IV: (1) disallow \$615,613 (Federal share \$554,053) of ineligible costs for contracts unless FEMA grants the Utility an exception for all or part of the costs as provided for in 44 CFR 13.6(c) and Section 705(c) of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended, and determines the costs were reasonable; (2) instruct FDEM to remind the Utility that it is required to comply with Federal procurement standards when acquiring goods and services under a FEMA award; and (3) reemphasize to FDEM the requirement to properly review costs subgrantees claim for adherence to Federal regulations and FEMA guidelines. (OIG-14-08-D, November 2013, EMO)
http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-08-D_Dec13.pdf

FEMA Should Recover \$48.9 Million for Inadequate Insurance Coverage for Holy Cross School, New Orleans, Louisiana

Holy Cross School received an award of \$86.6 million from the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), a FEMA grantee for damages resulting from Hurricane Katrina, which occurred on August 29, 2005. Holy Cross School did not obtain \$48.9 million of required flood insurance coverage for its replaced disaster-damaged facilities, which is a condition for receiving Federal disaster assistance. Holy Cross School should have obtained and maintained \$52.9 million in flood insurance rather than carrying only \$4.0 million in flood insurance. As a result, Holy Cross School does not have proper insurance coverage to protect it and taxpayers from future disasters. Four years have passed since Holy Cross School started occupying its new buildings, more than sufficient time to obtain the required flood insurance or insurance exemption. Also, GOHSEP did not properly monitor Holy Cross School's compliance

with FEMA's requirements to ensure that Holy Cross School obtained the required amount of flood insurance or obtained an exemption, because GOHSEP did not have procedures to monitor an applicant's insurance coverage. As a result, we recommended that FEMA disallow (1) \$48,879,429 (\$52,879,429 insurance required less \$4,000,000 purchased) for the replacement of buildings and their contents as ineligible, unless Holy Cross School obtains the required flood insurance coverage or a certification of insurance exemption from the State insurance commissioner; and (2) require GOHSEP to develop and implement procedures to monitor and enforce insurance requirements. (OIG-14-10-D, November 2014, EMO)
http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-10-D_Nov13.pdf

FEMA Should Recover \$6.1 Million of Public Assistance Grant Funds Awarded to Orlando Utilities Commission under Hurricane Frances

The Orlando Utilities Commission, Florida, (Utility) received an award of \$11.6 million from FDEM, a FEMA grantee, for damages resulting from Hurricane Frances, which occurred in September 2004. The award provided 90 percent FEMA funding for debris removal activities, emergency protective measures, repair of the electric transmission and distribution system, repair/replacement of buildings and equipment, and other disaster related activities. We reviewed costs totaling \$11.4 million. The Utility's claim included \$6,122,935 for nonemergency contract work that did not meet Federal procurement requirements and FEMA guidelines. As a result, full and open competition did not occur and FEMA has no assurance that contract costs were reasonable or that minority firms, women's business enterprises, and labor surplus area firms had an opportunity to bid on the work. These conditions occurred because FDEM did not fulfill its duty as the grantee to ensure that subgrantees were aware of and followed Federal regulations. We recommended that the Regional Administrator, FEMA Region IV: (1) disallow \$6,122,935 (Federal share \$5,510,642) of ineligible costs for contracts unless FEMA grants the Utility an exception for all or part of the costs as provided for

in 44 CFR 13.6(c) and Section 705(c) of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended, and determines the costs were reasonable; (2) instruct FDEM to remind the Utility that it is required to comply with Federal procurement standards when acquiring goods and services under a FEMA award; and (3) reemphasize to FDEM the requirement to properly review costs subgrantees claim for adherence to Federal regulations and FEMA guidelines.

(OIG-14-11-D, December 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-11-D_Dec13.pdf

FEMA Should Recover \$10.9 Million of Improper Contracting Costs from Grant Funds Awarded to Columbus Regional Hospital, Columbus, Indiana

Columbus Regional Hospital (Hospital) received an award of \$94.4 million from the Indiana Department of Homeland Security (IDHS) for damages resulting from severe storms and flooding that occurred May 30, through June 27, 2008. We reviewed the methodology the Hospital used to award \$74.7 million in disaster-related contracts. The Hospital did not follow Federal procurement standards in awarding \$64.8 million for nine contracts for disaster work. Two of the nine contracts were noncompetitive contracts for non-exigent work, another two were prohibited cost-plus-percentage-of-cost contracts for exigent work, and all nine contracts involved violations of other Federal procurement standards. As a result, we questioned \$10.9 million, consisting of \$8.7 million for the two noncompetitive contracts and \$2.2 million for prohibited markups on the two cost-plus contracts. We did not question all of the costs for the nine contracts because contractors performed the majority of the work under exigent circumstances to restore the Hospital to its full operating capability. We recommended that FEMA disallow \$10,931,981 (\$8,242,875 Federal share) as ineligible contract costs and direct the IDHS to instruct the Hospital to comply with Federal procurement regulations in future disasters.

(OIG-14-12-D, December 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-12-D_Dec13.pdf

Brevard County, Florida, Properly Accounted For and Expended FEMA Public Assistance Grant Funds Received under Tropical Storm Fay

Brevard County, Florida, (County) received a Public Assistance award totaling \$9.7 million from FDEM, a FEMA grantee, for damages resulting from Tropical Storm Fay, which occurred in August 2008. The award provided 75 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to buildings and facilities. We limited our audit to \$1.5 million awarded under projects for debris removal and emergency protective measures. The County generally accounted for FEMA grant funds according to Federal regulations and FEMA guidelines. However, the County claimed \$43,631 of ineligible costs for straight-time force account labor. We recommend that the Regional Administrator, FEMA Region IV, disallow the \$43,631 of ineligible straight-time labor costs.

(OIG-14-13-D, December 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-13-D_Dec13.pdf

The City of Chattanooga, Tennessee, Properly Accounted For and Expended FEMA Public Assistance Grant Funds

The City of Chattanooga, Tennessee, (City) received a Public Assistance award of \$25.3 million from the Tennessee Emergency Management Agency, a FEMA grantee, for damages resulting from severe storms, tornadoes, straight-line winds, and associated flooding, which occurred in April 2008. The award provided 75 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to electrical distribution systems and facilities. We audited \$23.8 million awarded under projects for debris removal, emergency protective measures and permanent repairs. The City generally accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines. However, the City claimed \$71,040 of excessive contract costs. We recommended that the Regional Administrator, FEMA Region IV, disallow the \$71,040 of excessive contract costs.

(OIG-14-15-D, December 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-15-D_Dec13.pdf

The Town of San Anselmo, California, Generally Followed Regulations for Spending FEMA Public Assistance Funds

The Town of San Anselmo, California, (Town) generally followed regulations for spending FEMA Public Assistance funds for the six projects we reviewed in this phase of the audit (five large and one small), under disaster number 1628-DR-CA. Of the \$1,431,486 the Town claimed for these projects, \$26,100 was ineligible. Additionally, based on the results of both phases of this audit, the State should have performed a more thorough review of costs the Town claimed.

We recommended that the FEMA Region IX Administrator: (1) disallow \$26,100 (Federal share \$19,575) of ineligible costs to Projects 3627 and 3739, and (2) reemphasize to the State its grantee responsibilities and the need to provide FEMA better assurance on the eligibility of costs that subgrantees claim.

(OIG-14-24-D, December 2013, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-24-D_Dec13.pdf

George County, Mississippi, Successfully Managed FEMA's Hazard Mitigation Grant Funds – Hurricane Katrina

George County, Mississippi, (County) successfully managed FEMA Hazard Mitigation Grant funds. FEMA awarded the County a \$4.1 million Hazard Mitigation Grant through the Mississippi Emergency Management Agency (MEMA), a FEMA grantee, for damages from Hurricane Katrina, which occurred in August 2005. The award provided \$713,100 for emergency generators at a 75 percent Federal cost share (\$534,825) and \$3.4 million for the construction of two safe rooms at a 100 percent Federal cost share. We reviewed three projects with awards totaling \$4.1 million. The County successfully managed FEMA's Hazard Mitigation Grant funds. However, MEMA paid the County using incorrect Federal cost share rates, resulting in the County receiving a net Federal cost share overpayment of \$146,617. Also, the County did not adequately consider the past performance of a contractor it selected to construct two safe rooms. As a result, the County experienced several

contractor performance issues that contributed to delays in completing the safe rooms. Finally, MEMA did not properly monitor the County's grant activities. We recommended the Regional Administrator, Region IV: (1) require MEMA to correct the net \$146,617 Federal overpayment; (2) instruct the County of its responsibility to comply with Federal procurement regulations when procuring goods and services under a FEMA award; and (3) reemphasize to MEMA and Region Hazard Mitigation personnel of their responsibility to properly monitor grant activities.

(OIG-14-26-D, January 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-26-D_Jan14.pdf

FEMA Should Recover \$302,775 of Public Assistance Funds Awarded to the City of Oakland, California

FEMA should recover \$302,775 of Public Assistance funds awarded to the City of Oakland, California, (City) for disaster number 1628-DR-CA. The City accounted for FEMA Public Assistance grant funds on a project-by-project basis, as Federal regulations require. However, the City did not always follow Federal regulations and FEMA guidelines in spending the funds. Specifically, the City's claim included the following unsupported or ineligible costs—\$194,037 of unsupported labor costs, \$67,173 for three small projects that the City did not complete, and \$34,010 for miscellaneous ineligible costs.

We recommended that the FEMA Region IX Administrator: (1) disallow \$194,037 (Federal share \$145,528) for seven projects as unsupported unless the City provides proper documentation to support these costs; (2) disallow \$67,173 (Federal share \$50,380) as ineligible for three small projects (2866, 2998, and 3158) that the City either did not perform or did not complete according to the approved scope of work; (3) disallow \$34,010 (Federal share \$25,508) for five projects as ineligible work; (4) deobligate \$7,555 (Federal share \$5,666) in unused funding from two projects and put those funds to better use; and (5) direct the State to review subgrantee closeout documenta-

tion promptly to ensure adherence with FEMA guidelines.

(OIG-14-28-D, January 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-28-D_Jan14.pdf

Rural Electric Cooperative, Lindsay, Oklahoma, Generally Accounted For and Expended FEMA Public Assistance Grant Funds Correctly

The Rural Electric Cooperative (Cooperative), in Lindsay, Oklahoma, received an award of \$3.76 million from the Oklahoma Department of Emergency Management. The Cooperative generally accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines. However, the Cooperative did not always follow Federal regulations in awarding contracts for disaster work because it was not aware of all procurement standards that apply to Federal grants. Specifically, the Cooperative did not take the required steps to promote participation by small and minority- and women-owned businesses and did not include all required provisions in its contracts. We did not question the contract costs because the Cooperative awarded a substantial amount of its contracts to small and minority and women owned businesses.

(OIG-14-30-D, February 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-30-D_Feb14.pdf

The City of Raleigh, North Carolina, Properly Accounted For and Expended FEMA Public Assistance Grant Funds Awarded for April 2011 Disaster

The City of Raleigh, North Carolina, (City) received a Public Assistance award totaling \$4.3 million from the North Carolina Emergency Management Agency (State), a FEMA grantee, for damages resulting from severe storms, tornadoes, and straight- line winds that occurred in April 2011. The award provided 75 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to buildings, utilities and other facilities. We audited \$2.5 million awarded under projects for debris removal and emergency protective measures. The City properly accounted for FEMA grant funds according to Federal regulations and FEMA

guidelines for the projects included in our review. Because the audit did not identify issues requiring further action from FEMA, we consider this audit closed.

(OIG-14-34-D, February 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-34-D_Feb14.pdf

FEMA Should Recover \$5.3 Million of the \$52.1 Million of Public Assistance Grant Funds Awarded to the Bay St. Louis Waveland School District in Mississippi—Hurricane Katrina

FEMA should recover \$5.3 million of grant funds awarded to Bay St. Louis Waveland School District (District). FEMA awarded the District \$52.1 million through the Mississippi Emergency Management Agency (State), a FEMA grantee, for damages resulting from Hurricane Katrina, which occurred in August 2005. The award provided 100 percent FEMA funding for debris removal activities, emergency protective measures, and permanent repairs to buildings and facilities. We reviewed seven projects with awards totaling \$27.0 million and performed a limited review of 29 additional projects totaling \$16.8 million; therefore, in total, our review included 36 projects with awards totaling \$43.8 million. Although the District properly accounted for FEMA funds, it did not always expend those funds according to Federal regulations and FEMA guidelines. The District's claim included \$5,333,797 of questionable costs. We recommended the Regional Administrator: (1) disallow \$4,405,625 of ineligible costs the District claimed for contracts that it did not procure in accordance with Federal requirements; (2) instruct the State to remind subgrantees of their responsibility to comply with Federal procurement regulations and FEMA guidelines; (3) disallow \$746,554 for excessive contract costs the District received; (4) disallow \$181,618 of duplicate benefits the District received from third-party donors; and (5) reemphasize to the State and FEMA Region IV Public Assistance personnel their responsibility to properly review costs claimed.

(OIG-14-44-D, February 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-44-D_Feb14.pdf

New Jersey Complied with Applicable Federal and State Procurement Standards when Awarding Emergency Contracts for Hurricane Sandy Debris Removal Activities

Hurricane Sandy made landfall near Brigantine, New Jersey, on October 29, 2012, and caused historic devastation and substantial loss of life. The storm affected one of the most densely populated areas in the northeastern U.S. The amount of debris generated throughout the State was unprecedented, leaving much of New Jersey inaccessible. As of November 2013, FEMA had awarded over \$463 million in Public Assistance funding to cover Hurricane Sandy debris removal activities within New Jersey. New Jersey complied with applicable Federal and State procurement standards when procuring emergency contracts for statewide debris removal and monitoring activities related to Hurricane Sandy. In addition, a local municipality's use of these contracts during the exigent period FEMA identified (November 4, 2012, to January 3, 2013) would meet State and Federal procurement standards. (OIG-14-45-D, February 2014, EMO)
http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-45-D_Feb14.pdf

FEMA's Dissemination of Procurement Advice Early in Disaster Response Periods

On May 20, 2013, the President declared a major disaster in Oklahoma due to the severe storms and tornadoes that struck Oklahoma City and surrounding areas (FEMA Disaster Number 4117-DR-OK). On May 28, 2013, OIG deployed an Emergency Management Oversight Team to the Joint Field Office in Oklahoma City, Oklahoma. During our deployment, we observed instances where FEMA personnel provided Public Assistance applicants incomplete and, at times, inaccurate information regarding Federal procurement standards. Based on prior audit reports and personal observations, FEMA's dissemination of inaccurate procurement information has been a recurring problem. We also determined that FEMA's draft *Public Assistance Program Field Operations Pocket Guide*, dated September 2012, developed to help FEMA staff deliver the Public Assistance program consistently across all FEMA regions, contributed to the problem because its

appendix included the same incomplete contracting guidance.

We recommended that FEMA's Associate Administrator, Response and Recovery provide training to FEMA Joint Field Office staff on Federal procurement standards and to correct the FEMA draft *Public Assistance Program Field Operations Pocket Guide, Appendix D: Kickoff Meeting Checklist* to more accurately describe Federal contracting standards and FEMA guidelines.

(OIG-14-46-D, February 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-46-D_Feb14.pdf

FEMA Should Recover \$8.2 Million of the \$14.9 Million of Public Assistance Grant Funds Awarded to the Harrison County School District in Mississippi—Hurricane Katrina

FEMA should recover \$8.2 million of the \$14.9 million of grant funds awarded to the Harrison County School District (District) in Mississippi. FEMA awarded the District \$14.9 million through the Mississippi Emergency Management Agency (State), a FEMA grantee, for damages resulting from Hurricane Katrina, which occurred in August 2005. The award provided 100 percent FEMA funding for emergency protective measures, permanent repairs to buildings and facilities, demolition costs, and equipment replacement. We reviewed 17 projects with awards totaling \$8.8 million. The District did not account for expenditures on a project-by-project basis as Federal regulations and FEMA guidelines require. In addition, the District's claim included \$8,171,446 of questionable costs, which included \$8,109,488 for contract work that did not meet Federal procurement requirements, and \$61,958 of duplicate benefits for costs covered by insurance. Finally, the State should recoup \$53,459 of FEMA funds it paid to the District under several projects because FEMA deobligated the projects' funding after the District received insurance proceeds to cover the cost of damages. We recommended the Regional Administrator: (1) instruct the State to remind subgrantees of their requirement to account for project expenditures according to Federal regulations, (2) disallow \$8,109,488 of

ineligible costs claimed for contracts that were not procured in accordance with Federal requirements unless FEMA decides to grant an exception for all or part of the costs, (3) instruct the State to remind subgrantees of their responsibility to comply with Federal procurement regulations and FEMA guidelines, (4) disallow \$61,958 of ineligible costs because the District received insurance proceeds to cover those costs, (5) instruct the State to recoup \$53,459 of FEMA funds it overpaid and use those funds to cover reimbursement requests of other eligible disaster-related costs, and 6) reemphasize to the State its responsibility to properly review subgrantees' costs for compliance with Federal regulations and FEMA guidelines.

(OIG-14-49-D, March 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-49-D_Mar14.pdf

FEMA's Initial Response to the Oklahoma Severe Storms and Tornadoes

On May 20, 2013, the President declared a major disaster declaration for Oklahoma due to the severe storms and tornadoes that struck Oklahoma City, Oklahoma, and surrounding areas (FEMA Disaster Number 4117-DR-OK). On May 28, 2013, OIG deployed an Emergency Management Oversight Team to the Joint Field Office in Oklahoma City, Oklahoma. Our objective was to determine whether FEMA's response was effective and to evaluate FEMA's actions, resources, and authorities according to Federal regulations and FEMA policies and guidelines in effect at the time of the disaster.

We determined that FEMA's response was effective. FEMA demonstrated its ability to effectively fulfill its mission to serve and assist disaster survivors by aggressively responding to the disaster both before and after the Presidential declaration, meeting recovery challenges, creatively overcoming resource shortfalls, implementing a variety of disaster sourcing methods, and effectively coordinating activities with the State. Our report contains no recommendations.

(OIG-14-50-D, March 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-50-D_Mar14.pdf

The City of Jacksonville, Florida, Successfully Accounted For and Expended FEMA Public Assistance Grant Funds Awarded for Tropical Storm Fay

The City of Jacksonville, Florida, (City) received a Public Assistance award of \$11.7 million from the Florida Division of Emergency Management, a FEMA grantee, for damages resulting from Tropical Storm Fay, which occurred in August 2008. The award provided 75 percent FEMA funding for debris removal activities, emergency protective measures, and repairs to buildings and other facilities. We reviewed costs totaling \$10.4 million. The City generally accounted for and expended FEMA funds as required by Federal regulations and FEMA guidelines. However, we identified \$49,949 of ineligible costs, which consisted of \$28,865 of ineligible contract equipment costs, and \$21,084 of debris removal costs covered by the Federal Highway Administration.

(OIG-14-51-D, March 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-51-D_Mar14.pdf

FEMA Should Recover \$2.3 Million of Unsupported, Unused, and Ineligible Grant Funds Awarded to East Jefferson General Hospital, Metairie, Louisiana

East Jefferson General Hospital (Hospital) received an award of \$12.4 million for damages resulting from Hurricane Katrina, which occurred on August 29, 2005. Generally, the Hospital accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines. However, the Hospital's claim included unsupported, unused, and ineligible grant funds. As a result, we recommended that FEMA disallow \$768,667 of unsupported and ineligible costs and deobligate \$1,493,606 in unused Federal funds and put those funds to better use. Additionally, we recommended that FEMA direct the State to finalize and close out the Hospital's completed projects within 6 months, ensure that the Hospital completes project work within required completion deadlines, request applicable project extensions,

maintain proper source documentation for claimed costs, and claim costs only for approved project work.

(OIG-14-53-D, March 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-53-D_Mar14.pdf

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

The Borough of Beach Haven, New Jersey, (Borough) received a Public Assistance award of \$5.84 million from the New Jersey Office of Emergency Management (State), a FEMA grantee, for damages resulting from Hurricane Sandy, which made landfall on October 29, 2012. The award provided 90 percent FEMA funding for debris removal activities, emergency protective measures, and repairs to roads and bridges. We reviewed costs totaling \$4.85 million. The Borough accounted for FEMA funds on a project-by-project basis as Federal regulations and FEMA guidelines require. Additionally, the Borough complied with applicable Federal procurement regulations for contracts (time-and-material) it awarded for debris removal activities. However, we identified \$3,688,066 of funding that the Borough no longer needs to complete the work. We also identified \$651,592 of cash advanced that the Borough can return to the State because final costs are less than the amount advanced, and \$344,319 of debris removal costs, which the Borough plans to claim under the FEMA award, that were either not supported by proper documentation or not eligible under the Public Assistance program.

We recommended that the Director, New Jersey Sandy Recovery Office: (1) deobligate \$3,688,066 of unneeded project funding, (2) instruct the State to recover \$651,592 of excess funds advanced, and (3) disallow \$344,319 of unsupported or ineligible costs unless the Borough provides additional documentation to support these costs

(OIG-14-54-D, March 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-54-D_Mar14.pdf

Santa Cruz Port District Generally Followed Regulations for Spending FEMA Public Assistance Funds

The Santa Cruz Port District, California, (District) generally accounted for and expended FEMA Public Assistance grant funds according to Federal regulations and FEMA guidelines for disaster number 1628-DR-CA. However, the District's claim for Project 2186 included \$99,215 in disaster costs that were duplicate, ineligible, or unsupported. This amount represents less than 4 percent of the \$2,532,324 we audited. Specifically, the District's claim included the following questionable costs—\$56,878 in duplicate costs, \$36,830 for unsupported labor costs, and \$5,507 for miscellaneous ineligible costs.

We recommended that the FEMA Region IX Administrator: (1) disallow \$56,878 (\$42,658 Federal share) as ineligible, duplicate costs; (2) disallow \$36,830 (\$27,622 Federal share) as unsupported costs unless the District can provide proper documentation to support the costs; (3) disallow \$5,507 (\$4,130 Federal share) as ineligible costs; and (4) reemphasize to the State its grantee responsibilities and the need to provide FEMA better assurance on the timely closeout of large projects.

(OIG-14-56-D, March 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-56-D_Mar14.pdf

FEMA Should Review the Eligibility of \$689,138 of \$5.57 Million in Public Assistance Grant Funds Awarded to Little Egg Harbor Township, New Jersey, for Hurricane Sandy Debris Removal Activities

Little Egg Harbor Township, New Jersey, (Township) received a Public Assistance award of \$5.57 million from the New Jersey Office of Emergency Management (State), a FEMA grantee, for damages resulting from Hurricane Sandy, which made landfall on October 29, 2012. The award provided 90 percent FEMA funding for debris removal activities; emergency protective measures; repairs to roads and bridges; and repairs to buildings, equipment, and other

facilities. We reviewed costs totaling \$4.46 million. The Township accounted for FEMA funds on a project-by-project basis as Federal regulations and FEMA guidelines require. Additionally, the Township complied with applicable Federal procurement regulations for contracts (time-and-material) it awarded for debris removal activities. However, we identified \$689,138 of debris removal costs that the Township planned to claim under the FEMA award that were either not supported by proper documentation or not eligible under the Public Assistance program. We recommended that the Director, New Jersey Sandy Recovery Office disallow the \$689,138 if the Township claims the costs, unless the Township provides FEMA with proper supporting documentation for the costs, or provides additional documentation to show that the costs are eligible.

(OIG-14-57-D, March 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-57-D_Mar14.pdf

The Village of Saltaire, New York, Generally Managed FEMA's Public Assistance Grant Funds Effectively

The Village of Saltaire, New York, (Saltaire) received an award of \$13.2 million for damages resulting from Hurricane Sandy, which occurred on October 29, 2012. Saltaire's policies, procedures and business practices were sufficient to account for and expend FEMA grant funds according to Federal regulations and FEMA guidelines. Saltaire accounted for costs on a project-by-project basis, used full and open competition in awarding \$3.49 million in contracts, and took affirmative steps to solicit small, minority-, and women-owned firms. However, these contracts did not include all required contract provisions. We also identified two minor problems concerning Saltaire's supporting documentation for force account equipment and direct administrative costs. After we discussed these issues with Saltaire officials, they began taking steps to correct these problems.

We recommended that the Director, New York Sandy Recovery Field Office, FEMA Disaster Number 4085-DR-NY, direct the New York State

Division of Homeland Security and Emergency Services to work with Saltaire officials to properly document direct administrative costs.

(OIG-14-58-D, March 2014, EMO)

http://www.oig.dhs.gov/assets/GrantReports/2014/OIG_14-58-D_Mar14.pdf

INVESTIGATIONS

Couple Steal FEMA Assistance

We investigated a disaster benefit applicant who submitted fraudulent leases and rent receipts from a non-existent landlord for a disaster-damaged dwelling and a rental property that he used for continued FEMA rental assistance. His girlfriend also fraudulently applied for FEMA benefits. He was sentenced to 12 months imprisonment, followed by 36 months supervised release, and was ordered to make restitution of \$9,710. His girlfriend was sentenced to 36 months supervised release and was ordered to pay \$34,451 in restitution. (INV)

Non-Profit Manager Steals from Homeless Fund

We received information from a local law enforcement agency which indicated that a manager of a nonprofit organization which served the homeless was embezzling funds. The nonprofit received Federal funding, including funds from FEMA. Our joint investigation with the Housing and Urban Development OIG and Federal Bureau of Investigation (FBI) revealed that the program manager and other employees had embezzled funds. During this reporting period, the program manager was sentenced to 32 months imprisonment, followed by 36 months supervised release, and was ordered to pay \$383,242 in restitution. (INV)

Man Defrauds FEMA

We investigated a disaster benefit applicant who falsely claimed that his primary residence was damaged by a tornado. Our investigation revealed that although the applicant owned the property, it was not his primary residence and had been in severe disrepair before the tornado. He pleaded guilty and was sentenced to 12 months imprisonment, followed by 60 months supervised release. He was also ordered to pay \$30,200 in restitution to FEMA. (INV)

Woman Makes False FEMA Claims

We investigated a disaster benefit applicant who falsely claimed that her residence and vehicle had been damaged in a declared disaster. When we interviewed her, she confessed that she had falsified the leasing agreements and rental receipts that she used to support her application and that her decision to move from the residence was completely unrelated to the storm. She also admitted that she had lied when she claimed her vehicle suffered damage. She pleaded guilty, was sentenced to 60 months probation, and was ordered to pay \$8,058 in restitution. (INV)

Woman Steals from FEMA

We investigated a disaster benefit applicant whose fraudulent application and subsequent requests for rental assistance resulted in her receiving eight FEMA checks. She was sentenced to 4 months imprisonment, followed by 5 months home confinement and 36 months supervised release. She was also ordered to pay \$10,592 in restitution. (INV)

MANAGEMENT DIRECTORATE

MANAGEMENT REPORTS***Annual Evaluation of DHS' Information Security Program for FY 2013***

DHS continues to improve and strengthen its information security program. While these efforts have resulted in some improvements, components are still not executing all of the Department's policies, procedures, and practices. Our review identified the following more significant exceptions to a strong and effective information security program: (1) systems are being operated without authority to operate; (2) plans of action and milestones (POA&M) are not being created for all known information security weaknesses or mitigated in a timely manner; and (3) baseline security configuration settings are not being implemented for all systems. Additional information security program areas that need improvement include incident detection and analysis, specialized training, account and identity management, and contingency planning. Finally, the Department still

needs to consolidate all of its external connections, and complete the implementation of personal identity verification compliant logical access on its information systems and networks. We made five recommendations aimed at improving DHS' information security program, including improvements in continuous monitoring, POA&M, security authorization, security training, and DHS baseline configuration areas. The Department concurred with all five recommendations. (OIG-14-09, November 2013, ITA)
http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-09_Nov13.pdf

Major Management and Performance Challenges Facing the Department of Homeland Security

As required by the *Reports Consolidation Act of 2000* (Public Law 106–531), we update our assessment of DHS' major management challenges annually. The report summarizes what we consider to be the most serious management and performance challenges facing the agency and briefly assesses the agency's progress in addressing those challenges.

This year, we reported the Department's major challenges in the following areas:

- DHS Operations Integration
- Acquisition Management
- Financial Management
- IT Management and Cybersecurity
- Transportation Security
- Border Security
- Grants Management
- Employee Accountability and Integrity
- Infrastructure Protection

Some of the most persistent challenges arise from the effort to combine and coordinate diverse legacy agencies into a single, cohesive organization capable of fulfilling a broad, vital, and complex mission. DHS must continually seek to integrate management operations under an authoritative governing structure capable of effectively overseeing and guiding acquisitions, financial systems and reporting, IT assets, and cybersecurity. In addition to these challenges, DHS' mission to protect the Nation from domestic and international threats

and respond to natural and manmade disasters is challenged by the unpredictable nature of these hazards. DHS must overcome the challenges inherent to coalescing into “One DHS,” as well as those created by factors over which it has little control.

(OIG-14-17, December 2013, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-17_Dec13.pdf

Independent Auditors’ Report on DHS’ FY 2013 Financial Statements and Internal Control over Financial Reporting

KPMG LLP (KPMG), under contract with OIG, conducted an audit of DHS’ balance sheet as of September 30, 2013, and the related financial statements for FY 2013. KPMG issued an unmodified opinion over those financial statements, stating that the FY 2013 financial statements presented fairly, in all material respects, the financial position of DHS as of September 30, 2013. KPMG also conducted an examination of internal control over financial reporting as of September 30, 2013. KPMG identified four material weaknesses in internal control. Consequently, KPMG issued an adverse opinion on DHS’ internal control over financial reporting of the financial statements as of September 30, 2013. The FY 2013 independent auditors’ report discusses eight significant deficiencies in internal control, of which four are considered material weaknesses, and four instances of noncompliance with laws and regulations, as follows:

Significant Deficiencies Considered To Be Material Weaknesses

- A. Financial Reporting
- B. Information Technology Controls and Financial System Functionality
- C. Property, Plant, and Equipment
- D. Budgetary Accounting

Other Significant Deficiencies

- E. Entity-Level Controls
- F. Liabilities
- G. Grants Management
- H. Custodial Revenue and Drawback

Non-compliance with Laws and Regulations

- I. *Federal Managers’ Financial Integrity Act of 1982*
 - J. *Federal Financial Management Improvement Act of 1996*
 - K. *Single Audit Act Amendments of 1996*
 - L. *Anti-deficiency Act*
- (OIG-14-18, Revised, December 2013, OA)
- http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-18_Dec13.pdf

DHS Home-to-Work Transportation

DHS has one of the largest motor vehicle fleets in the Federal Government, with more than 56,000 vehicles costing approximately \$534 million annually. Home-to-work (HtW) transportation is employees’ use of government passenger carriers, including motor vehicles, for transportation between their homes and places of work. Through our audit, we determined that DHS has not implemented appropriate internal controls over HtW transportation. DHS has attempted to establish policies and procedures to ensure that its use of HtW transportation is effective and efficient, data and reporting are reliable, and it complies with applicable laws and regulations. However, the Department and the components we reviewed do not properly monitor and provide oversight of HtW transportation to ensure that the components are complying with departmental guidance and consistently gathering timely, accurate HtW-related information. The Department does not always ensure that HtW transportation applicants comply with eligibility requirements and that HtW transportation is authorized and justified. It also did not ensure that all components complied with the annual reporting requirement. As a result, DHS does not have reliable and accurate data to determine whether participation is justified or to make informed decisions about the use of HtW transportation. We made five recommendations to the Department to implement stronger internal controls, improve guidance on the HtW transportation program, and implement a department-wide, centralized data system to track and monitor HtW transportation information.

(OIG-14-21, December 2014, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-21_Dec13.pdf

Fiscal Year 2013 Risk Assessment of DHS Charge Card Abuse Prevention Program

The *Government Charge Card Abuse Prevention Act of 2012*, Public Law 112-194, requires all executive branch agencies to establish and maintain safeguards and internal controls for purchase, travel, and centrally billed accounts. We conducted a risk assessment of the Department of Homeland Security's Charge Card Abuse and Prevention program. Our review objective was to assess the design of internal controls that prevent illegal, improper, or erroneous purchases and payments. Although the Department has established internal controls over its charge card programs, the components did not always follow the DHS procedures, and they did not have procedures in place to supplement those developed by DHS. The Department needs to improve its internal controls to mitigate the inherent risks associated with the use of charge cards. Based upon the results of our procedures, we determined that there is a moderate level of risk that the Department's internal controls will not prevent illegal, improper, or erroneous purchases and payments for the purchase, travel and fleet cards.

(OIG-14-29, January 2014, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-29_Jan14.pdf

DHS' System To Enable Telework Needs a Disaster Recovery Capability

DHS Office of the Chief Information Officer (OCIO) is implementing two systems to enable telework. These systems are called Workplace as a Service (WPaaS) and are part of an overall effort to move to cloud-based services.

We evaluated technical and information security policies and procedures related to the deployment of these systems. Among the information technology security controls that are to be implemented for the WPaaS is the identification of an alternate processing site. Additionally, the contingency plans for WPaaS should include a strategy to recover and perform system operations at an alternate facility for an extended period.

The OCIO has recognized the WPaaS contingency planning deficiencies and designated these deficiencies as a moderate risk. The OCIO has left it up to the components using WPaaS to determine whether an alternate processing site is needed for their particular situations.

We briefed the DHS OCIO on the results of our evaluation. The OCIO concurred with the two recommendations.

(OIG-14-55, March 2014, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-55_Mar14.pdf

NATIONAL PROTECTION AND PROGRAMS DIRECTORATE

MANAGEMENT REPORTS

DHS' Efforts To Coordinate the Activities of Federal Cyber Operations Centers

National Protection and Programs Directorate (NPPD) has taken actions to coordinate and share vital cyber threat information with the five Federal cyber operations centers. For example, National Cybersecurity and Communications Integration Center (NCCIC), which is the operational arm of the Office of Cybersecurity and Communications has established partnerships with the other centers to coordinate an effective response on cyber incidents. In addition, NCCIC has increased interagency collaboration and communication through the use of liaisons and participating in regular meetings. Finally, NCCIC has issued—in collaboration with the Federal Bureau of Investigation—Joint Indicator Bulletins to assist private sector partners in preventing cyber attacks and protecting intellectual property, trade secrets, and sensitive business information from exploitation and theft.

Still, DHS faces challenges in sharing cyber information among the Federal cyber operations centers. Specifically, DHS must procure cyber tools and technologies to improve its situational awareness efforts. In addition, it needs to work

with its cyber operations center partners to develop a standard set of cyber incident reporting categories. Further, DHS has to address insufficient staffing levels that hinder its ability to provide continuous coverage in all mission areas in the operations center, conduct additional technical training needed to improve its staff's incident response skills, and update its continuity of operations plans. Management concurred with the seven recommendations.

(OIG-14-02, October 2013, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-02_Oct13.pdf

Implementation Status of EINSTEIN 3 Accelerated¹

We assessed NPPD efforts to deploy an intrusion prevention system, EINSTEIN 3 Accelerated, to protect Federal networks.

(OIG-14-52, March 2014, ITA)

OFFICE FOR CIVIL RIGHTS AND CIVIL LIBERTIES

Our office receives complaints from various sources about possible civil rights and civil liberties violations occurring in the Department. We received 1,295 such complaints from October 1, 2013 through March 31, 2014. Of those 1,295 complaints, we opened 16 investigations, 103 complaints were administratively closed, and 1,176 complaints were referred to other DHS components, including the Department's Office for Civil Rights and Civil Liberties for disposition.

TRANSPORTATION SECURITY ADMINISTRATION

INVESTIGATION

Imprisoned Former Federal Air Marshal Receives Additional Sentence

We investigated a Federal Air Marshal who repeatedly sexually abused three minors between 2000 and 2004. Based on our findings, he was convicted and sentenced to 20 years of incarceration. While incarcerated, he contacted a former victim and asked that the victim destroy an external hard drive containing child pornography which he had hidden prior to his arrest. We opened a new investigation, during which we located the hard drive. An examination found it to contain thousands of images and full-length movies of child pornography. He pleaded guilty and was sentenced to 1,080 months imprisonment, followed by lifetime supervised release. We were assisted in this investigation by United States Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI). (INV)

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

MANAGEMENT REPORTS

United States Citizenship and Immigration Services' Employment-Based Fifth Preference (EB-5) Regional Center Program

We sought to determine whether USCIS' Employment-Based Fifth Preference regional center program, also known as the EB-5 program, is administered and managed effectively. The laws and regulations governing the program do not give USCIS the authority to deny or terminate a regional center's participation in the EB-5 program based on fraud or national security concerns. The program extends beyond the current USCIS mission to secure America's promise as a nation of immigrants, and USCIS is unable to demonstrate the benefits of foreign investment into the U.S. economy. Additionally, USCIS has difficulty

¹ This report has not been made public pending the completion of a sensitivity review. Once a final determination is made, the full report or portions of the report will be posted on our public website.

ensuring the integrity of the EB-5 program. USCIS does not always ensure that regional centers meet all program eligibility requirements, and USCIS officials interpret and apply CFR and policies differently. Furthermore, when external parties inquired about program activities USCIS did not always document their decisions and responses to these inquiries, making the EB-5 program appear vulnerable to perceptions of internal and external influences.

As a result, USCIS was limited in its ability to prevent fraud or national security threats that could harm the U.S.; and it cannot demonstrate that the program was improving the U.S. economy and creating jobs for U.S. citizens as intended by Congress. We made four recommendations to assist USCIS' management and administration of the EB-5 program. Our recommendations focused on strengthening regulations for oversight authority and consistent program application; better coordination with other Federal entities; comprehensive reviews of the program; and quality assurance procedures for program integrity. (OIG-14-19, December 2013, OA)
http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-19_Dec13.pdf

USCIS Controls To Ensure Employers Sponsoring H-1B and L-1 Employees Pay Applicable Border Security Fee

Our review of 203 petitions, determined that employers typically adhered to the requirements of Public Law 111–203 and paid the border security fee when required. However, 3 percent of our random sample of petitions and 21 percent of our judgmental sample contained errors that could be reduced if USCIS made improvements to its fee collection process. Current USCIS procedures do not require that Immigration Services Officers verify the reasonableness of employer-provided information against existing sources. USCIS also does not capture electronically the number of employees or other workforce information. Implementing procedures to capture and validate readily available data provided by employers on their workforce could reduce the number of errors and help USCIS collect the correct fees. Evidence of fraud in the foreign worker program confirms

the need to validate information employers provide. Without validation, an employer's self-declaration is typically the sole basis for determining whether an employer is required to pay the fee. We recommended that USCIS electronically capture employer information, implement procedures to identify employers who pay fees inconsistently, and expand the use of available resources to assess the reasonableness of employer-provided information. (OIG-14-36, February 2014, ITA)
http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-36_Feb14.pdf

INVESTIGATION

Couple Defraud Immigrants

We investigated a man and woman who were charging undocumented immigrants for assistance with immigration paperwork, while falsely claiming to have illegal assistance from a USCIS employee. We determined that the subjects were not conspiring with a USCIS employee. They pleaded guilty. The man was ordered to pay \$2,500 in restitution and report to ICE to begin the deportation process. The woman was ordered to serve 24 months probation. (INV)

UNITED STATES COAST GUARD

MANAGEMENT REPORTS

Independent Review of U.S. Coast Guard's Reporting of FY 2013 Drug Control Performance Summary Report

KPMG, under contract with OIG, issued an Independent Accountants' Report on the FY 2013 Drug Control Performance Summary Report for the United States Coast Guard (USCG). USCG's management prepared the Performance Summary Report to comply with the requirements of the Office of National Drug Control Policy (ONDCP) *Circular Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013. Based on the review, nothing came to KPMG's attention that caused them to believe that the Performance Summary Report for the year ended September 30, 2013, is not fairly stated, in all

material respects, in conformity with ONDCP's Circular. KPMG did not issue any recommendation as a result of this review.

(OIG-14-35, February 2014, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-35_Feb14.pdf

Independent Review of U.S. Coast Guard's Reporting of FY 2013 Detailed Accounting Submission

KPMG, under contract with OIG, issued an Independent Accountants' Report on the FY 2013 Detailed Accounting Submission for USCG. USCG's management prepared the Detailed Accounting Submission and related disclosures to comply with the requirements of ONDCP Circular *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013. Based on the review, nothing came to KPMG's attention that caused them to believe that the Detailed Accounting Submission for the year ended September 30, 2013, was not fairly stated, in all material respects, in conformity with ONDCP's circular. KPMG did not issue any recommendations as a result of this review.

(OIG-14-39, February 2014, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-39_Feb14.pdf

The USCG's Oversight of Recommendations from Deepwater Horizon After Action Reports

Our initial audit objective was to determine whether USCG had implemented Deepwater Horizon after action report recommendations. However, we were unable to determine whether the recommendations had been addressed because of inconsistencies in USCG's process to track progress. Therefore, we sought to understand how the USCG tracked after action report recommendations and why it had difficulty providing supporting documentation for the recommendations it said were completed.

USCG did not effectively oversee recommendations made to it in Deepwater Horizon after action reports. It also could not provide reasonable assurance that corrective actions for the Deepwater Horizon incident addressed the recommendations in these after action reports. This occurred because

process management was not fully coordinated and after action report recommendations were not centrally or specifically tracked. In addition, according to a USCG after action report, USCG could not be certain that actions resulting from previous oil spills had been implemented. Thus, it encountered some of the same issues in response to the Deepwater Horizon incident. This may have affected the response to the oil spill and could affect USCG's response to future disasters.

USCG concurred with the two recommendations we made to improve the oversight and tracking of recommendations in oil spill after action reports and the resultant corrective actions.

(OIG-14-42, February 2014, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-42_Feb14.pdf

INVESTIGATION

Man Attempts To Defraud USCG Oil Spill Fund

We investigated a member of the public who submitted false claims in excess of \$ 2.5 million to the USCG National Pollution Fund Center and British Petroleum Oil Company, after claiming that his boat was damaged as a result of the 2010 oil spill in the Gulf of Mexico. As a result of false claims, he initially received \$43,900. After being found guilty at the conclusion of a three-week jury trial, he was sentenced to 180 months imprisonment, followed by 36 months supervised release. He was also ordered to pay \$43,900 in restitution. We collaborated with the United States Secret Service (USSS) to resolve this case. (INV)

UNITED STATES CUSTOMS AND BORDER PROTECTION

MANAGEMENT REPORTS

Ensuring the Integrity of CBP's Secure Electronic Network for Travelers Rapid Inspection Program

The Secure Electronic Network for Travelers Rapid Inspection (SENTRI) Program is a border management system that allows the U.S. Customs and Border Protection (CBP) to accelerate the inspection of pre-enrolled, low-risk travelers at designated southern U.S. land ports of entry.

Participants voluntarily provide personally identifiable information to CBP, undergo background checks, and use dedicated lanes that allow CBP to maintain border integrity, security, and law enforcement responsibilities. SENTRI became operational in 1995; however, in recent years some program members have abused their privileges and transported illicit goods across the border. We concluded that CBP has enhanced internal controls in SENTRI Program processes, and established initiatives to address officer integrity issues. However, CBP needs to expand upon these initiatives and address additional challenges in the enrollment process. Although CBP established an Ombudsman to review and address redetermination requests, the manual process needs to be enhanced through technology solutions. We made 17 recommendations to assist the program in correcting these deficiencies so it can attain intended program results and outcomes. CBP concurred with 16 recommendations, and did not concur with one.

(OIG-14-32, February 2014, ISP)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-32_Feb14.pdf

Independent Review of U.S. Customs and Border Protection's Reporting of FY 2013 Drug Control Performance Summary Report

KPMG, under contract with OIG, issued an Independent Accountants' Report on the FY 2013 Drug Control Performance Summary Report for CBP. CBP's management prepared the Performance Summary Report to comply with the requirements of the ONDCP Circular *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013. Based on the review, except for CBP not including a performance measure for a decision unit, nothing came to KPMG's attention that caused them to believe that the Performance Summary Report for the year ended September 30, 2013, was not fairly stated, in all material respects, in conformity with ONDCP's circular. KPMG did not issue any recommendations as a result of this review.

(OIG-14-40, February 2014, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-40_Feb14.pdf

Independent Review of U.S. Customs and Border Protection's Reporting of FY 2013 Detailed Accounting Submission

KPMG, under contract with OIG, issued an Independent Accountants' Report on the FY 2013 Detailed Accounting Submission for CBP. CBP's management prepared the Detailed Accounting Submission Report and related disclosures to comply with the requirements of the ONDCP Circular *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013. Based on the review, except that KPMG was unable to perform review procedures supporting the continued validity of CBP's assumptions for computing obligations by decision units, nothing came to KPMG's attention that caused them to believe that the Detailed Accounting Submission for the year ended September 30, 2013, was not fairly stated, in all material respects, in conformity with ONDCP's circular. KPMG did not issue any recommendations as a result of this review.

(OIG-14-41, February 2014, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-41_Feb14.pdf

U.S. Customs and Border Protection's Advanced Training Center Acquisition

The Advanced Training Center (ATC) at Harpers Ferry, West Virginia, is being constructed to train CBP officers. When completed, the ATC will include tactical, academic, residential, and supporting infrastructure. We determined that CBP did not effectively oversee and manage the fourth phase of the ATC acquisition. CBP did not develop and execute the \$55.7 million Interagency Agreement (IAA) with its Economy Act service provider, the U.S. Army Corps of Engineers (USACE), according to Federal, departmental, and component requirements. Specifically, key documentation supporting the IAA with USACE was either missing or incomplete. CBP also used Reimbursable Work Authorizations (RWAs), rather than the IAA, to execute construction projects agreements with USACE, contrary to statutory, regulatory, and component requirements. CBP's use of RWAs for construction projects and other unauthorized purposes is a longstanding practice that extended beyond the ATC acquisition. CBP concurred with our three recommenda-

tions to enhance its oversight and management of the performance and accountability of its Economy Act service providers.

(OIG-14-47, February 2014, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-47_Feb14.pdf

Independent Auditors' Report on U.S. Customs and Border Protection's FY 2013 Financial Statements

KPMG, under contract with OIG, audited the consolidated financial statements of CBP as of and for the years ending September 30, 2013, and September 30, 2012. KPMG concluded that CBP's consolidated financial statements for those FYs are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. However, KPMG identified four significant deficiencies in internal control over financial reporting:

- Drawback of duties, taxes, and fees
- Property, plant, and equipment
- Entry process
- Information technology

KPMG considers the first significant deficiency (drawback of duties, taxes, and fees) to be a material weakness. The results of KPMG's tests of compliance with certain provisions of laws, regulations, and contracts disclosed no instances of noncompliance or other matters that are required to be reported.

(OIG-14-59, March 2014, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-59_Mar14.pdf

INVESTIGATIONS

Border Patrol Agent Conspires To Assist Smugglers

With our Border Corruption Task Force partners, we investigated a Border Patrol Agent (BPA) who worked in the intelligence unit and sought to provide sensitive law enforcement information to smugglers. Intelligence materials such as border sensor maps, combinations to locked gates and identities of confidential informants were delivered to the supposed smugglers who were

actually undercover agents. The BPA pleaded guilty and was sentenced to 180 months imprisonment, followed by 36 months of supervised release. (INV)

BPAs Abuse Captured Smugglers

We investigated two BPAs who were accused of abusing four marijuana smugglers who were travelling on foot and were taken into custody on a remote section of the U.S.-Mexican Border. After capturing the smugglers, the BPAs forced the smugglers to remove their footwear and jackets, and to eat handfuls of marijuana. Although it was approximately 40 degrees outside, the BPAs then burned the jackets and footwear, and ordered the smugglers to return into the desert, miles from any nearby shelter. After a nine-day trial, the BPAs were found guilty. One BPA was sentenced to 24 months imprisonment, followed by 36 months supervised release. The other was sentenced to 24 months imprisonment, followed by 12 months supervised release. (INV)

CBP Officer Accepts Bribes To Smuggle Narcotics

We investigated a CBP Officer who was allegedly assisting family members in smuggling narcotics into the U.S. from Mexico. When confronted with the evidence we gathered, he pleaded guilty and resigned from Federal employment. He was sentenced to 18 months imprisonment and ordered to pay a \$2,000 fine. (INV)

Company Officials Sentenced for Contract Fraud

We received information which indicated that a senior CBP official was awarding contracts based on conflicts of interest and favoritism. Our initial investigative efforts revealed that the official was in the process of attempting to steer an approximately \$100 million information technology contract to a specific company. Additional evidence indicated that he had previously helped to steer a \$24 million information technology contract. We learned that several companies were colluding to give the false appearance of legitimate competition. During this reporting period, two company officials pleaded guilty and were sentenced. One of the officials was sentenced to 3 months imprisonment, followed by 24 months supervised release. He was also ordered to pay a \$5,000 fine and forfeited \$80,900.

The second official was sentenced to 16 months imprisonment, followed by 24 months supervised release. Additionally, he was ordered to complete 500 hours of community service and forfeited \$1,065,103. (INV)

Company Pays To Settle Import Fraud

We investigated an importer of computer parts who was failing to declare the full value of imported goods to evade payment of duties owed the U.S. In furtherance of the scheme, the company maintained two sets of invoices for each incoming shipment, an invoice that reflected the true cost of the materials to the company and a second invoice that falsely stated a lower cost. The false invoices were used to calculate the customs duties that the company paid, resulting in substantial underpayments. Under the terms of a civil settlement, the company paid \$1.2 million to the U.S. Treasury. (INV)

UNITED STATES IMMIGRATION AND CUSTOMS ENFORCEMENT

MANAGEMENT REPORTS

U.S. Immigration and Customs Enforcement's Worksite Enforcement Administrative Inspection Process

We conducted this audit to determine whether ICE met the requirements of the *Immigration Reform and Control Act of 1986* (IRCA) through the administrative inspection process.

We determined that ICE's administrative inspection process met the requirements of IRCA, but its HSI directorate did not properly monitor or evaluate the performance or outcomes of implementing the process. HSI did not properly oversee the field offices to ensure they were consistent in issuing warnings and fines, and some field offices issued significantly more warnings than fines. Two field offices developed and implemented their own internal practices, outside of ICE guidance, to make determinations

on issuing warnings and fines. HSI also negotiated fines with employers, sometimes substantially reducing the amounts. Inconsistent implementation of the administrative inspection process, plus the reduction of fines, may have hindered HSI's mission to prevent or deter employers from violating immigration laws. HSI has not analyzed the effect of differences in implementation or sufficiently determined whether implementation has improved compliance. In addition, field offices did not always document their actions properly and did not maintain accurate and up-to-date administrative inspection data, making it more difficult to verify employers' compliance.

We made three recommendations to ICE to improve the administrative inspection process. (OIG-14-33, February 2014, OA)
http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-33_Feb14.pdf

Independent Review of U.S. Immigration and Customs Enforcement's Reporting of FY 2013 Detailed Accounting Submission

KPMG, under contract with OIG, issued an Independent Accountants' Report on the FY 2013 Detailed Accounting Submission for ICE. ICE's management prepared the Detailed Accounting Submission Report and related disclosures to comply with the requirements of the ONDCP *Circular Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013. Based on the review, nothing came to KPMG's attention that caused them to believe that the Detailed Accounting Submission for the year ended September 30, 2013, was not fairly stated, in all material respects, in conformity with ONDCP's circular. KPMG did not issue any recommendation as a result of this review. (OIG-14-37, February 2014, OA)
http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-37_Feb14.pdf

Review of U.S. Immigration and Customs Enforcement's Reporting of FY 2013 Drug Control Performance Summary Report

KPMG, under contract with OIG, issued an Independent Accountants' Report on the FY 2013

Drug Control Performance Summary Report for ICE. ICE's management prepared the Performance Summary Report to comply with the requirements of the ONDCP Circular *Accounting of Drug Control Funding and Performance Summary*, dated January 18, 2013. Based on the review, nothing came to KPMG's attention that caused them to believe that the Performance Summary Report for the year ended September 30, 2013, was not fairly stated, in all material respects, in conformity with ONDCP's circular. KPMG did not issue any recommendations as a result of this review. (OIG-14-38, February 2014, OA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-38_Feb14.pdf

INVESTIGATIONS

ICE Agent Assists Drug Fugitive

We investigated an ICE Enforcement Removal Officer who was suspected of drug trafficking and providing assistance to a fugitive drug dealer. When interviewed, he made statements that were demonstrably false. He was arrested, pleaded guilty, and resigned from ICE. He was sentenced to 60 months probation and ordered to pay a \$3,000 fine. ICE Office of Professional Responsibility joined us in this investigation. (INV)

Supervisory ICE Agent Steals Government Property

We investigated an ICE Supervisory Special Agent, Homeland Security Investigations, who served in a procurement and property custodian role and was suspected of asking a vendor for a kickback. Our investigation confirmed that he had been stealing property from ICE for several years and had sold much of it over the Internet. Search warrants of his residence yielded a large amount of government property. He resigned from government employment, pleaded guilty, and was sentenced to 60 months probation. He was also ordered to complete 500 hours of community service, pay a fine of \$10,000, and pay \$31,840 in restitution. We partnered with ICE OPR in this investigation. (INV)

Restaurant Owner Assists Immigration Fraud

We investigated an ICE employee who, while employed by CBP, conspired with a restaurant owner to keep workers in the U.S. illegally. The employee would falsify official records by use of an authentic immigration stamp and alter database records in exchange for cash payments. The restaurant owner facilitated approximately \$28,500 in illegal payments from his employees. In 2011, the employee pleaded guilty and was sentenced to 46 months' incarceration, followed by 24 months of supervised release. He also forfeited \$28,500. The restaurant owner fled the U.S. and was arrested in Germany. He was extradited to the U.S. and pleaded guilty. During this reporting period, he was sentenced to 24 months imprisonment, followed by 36 months supervised release. After serving his sentence, he is to report to immigration authorities for deportation examination. (INV)

Businessman Guilty of Immigration and Financial Schemes

With agents from ICE and the FBI, we investigated a business owner who was involved in multiple illegal enterprises, including financial schemes and a large immigration marriage fraud ring. After our initial investigation resulted in a sentence of 33 months imprisonment, we continued to investigate and found additional evidence of those types of activities, which resulted in him being charged and sentenced to an additional 110 months imprisonment, followed by 36 months supervised release. He was also ordered to pay \$2,981,246 in restitution. (INV)

Man Takes Bribe for False Immigration Assistance

We investigated a report by an undocumented alien that he paid cash to a retired Federal immigration official with associates still in the government who would manipulate the immigration process. Our investigation revealed that the subject, a member of the public, was impersonating a retired DHS employee as he accepted cash from persons seeking adjustment to their immigration status. He was sentenced to 60 months probation, 200 hours community service, and was ordered to pay \$7,000 in restitution. (INV)

Man Impersonates DHS Agent

We investigated allegations that a member of the public was impersonating a DHS agent. Our investigation indicated that the subject, who had previous felony convictions for credit card fraud, counterfeiting, and mail fraud was using a firearm, body armor, and a police-style badge to facilitate his impersonation activities. He was sentenced to 20 months imprisonment, followed by 36 months supervised release. ICE, the Bureau of Alcohol, Tobacco, Firearms, and Explosives, and USSS joined us in this investigation. (INV)

UNITED STATES SECRET SERVICE

MANAGEMENT REPORT

USSS' Efforts To Identify, Mitigate, and Address Instances of Misconduct and Inappropriate Behavior

In April 2012, USSS employees were preparing for a Presidential visit to the Summit of the Americas in Cartagena, Colombia. While off duty, several employees were suspected of soliciting prostitutes and consuming excessive amounts of alcohol. We assessed the adequacy of the agency's efforts to identify, mitigate, and address instances of misconduct and inappropriate behavior. Although individual employees have engaged in misconduct or inappropriate behavior, we did not find evidence that misconduct is widespread in USSS. Furthermore, we did not find any evidence that USSS leadership has fostered an environment that tolerates inappropriate behavior. Some of the employees involved in the Cartagena incident claimed that the Secret Service did not afford them due process, mistreated those involved in the incident, and did not adjudicate their case consistent with comparable prior incidents. We determined that Secret Service's security clearance actions were consistent and based on facts from internal inquiries. We made 14 recommendations aimed at improving processes for identifying,

mitigating, and addressing instances of misconduct and inappropriate behavior.

(OIG-14-20, December 2013, ISP)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-20_Dec13.pdf

MULTIPLE COMPONENTS

MANAGEMENT REPORT

(U) Evaluation of DHS' Intelligence Systems Compliance with Federal Information Security Management Act Requirements for Fiscal Year 2013

We evaluated DHS' enterprise-wide security program for Top Secret/Sensitive Compartmented Information intelligence systems. Pursuant to the *Federal Information Security Management Act*, we reviewed the Department's security program including its policies, procedures, and system security controls for enterprise-wide intelligence systems. Since our 2012 evaluation, the Office of Intelligence and Analysis (I&A) continues to provide effective oversight of department-wide systems. For example, I&A has established new initiatives to provide training to Department personnel with assigned security responsibilities on intelligence systems. Further, I&A has implemented an automated notification and tracking process to help its security assessors monitor plans of actions and milestones status. In addition, as of May 2012, USCG authorizing official assumed oversight for USCG's land-based intelligence systems from I&A. USCG is migrating portions of its Coast Guard Intelligence Support System to a multi-authorizing official structure including DHS, USCG, and the Defense Intelligence Agency. We identified deficiencies in the areas of I&A's incident response and reporting; and in USCG's security training, plans of actions and milestones, contingency planning. Fieldwork was conducted from April through July 2013. (OIG-14-27, January 2014, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_SLP_14-27_Feb14.pdf



OTHER OFFICE OF INSPECTOR GENERAL ACTIVITIES



OVERSIGHT OF NONDEPARTMENTAL AUDITS

During this period, we completed 18 desk reviews of Single Audit reports issued by independent public accountant organizations. Single Audit reports refer to audits conducted according to the *Single Audit Act of 1996*, as amended by Public Law 104-156.

Of the 18 desk reviews, we issued one comment letter to a grantee. We use the results of audits and investigations of grantees and subgrantees as a tool for identifying areas for further analysis, and for helping DHS improve grants 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.

COUNCIL OF THE INSPECTORS GENERAL ON INTEGRITY AND EFFICIENCY REPORT

Management Advisory Report: *A Guide for Assessing Cybersecurity within the Office of Inspector General Community*

The Council of the Inspectors General on Integrity and Efficiency (CIGIE) Cybersecurity Working Group examined the role of the Inspector General community in current Federal cybersecurity initiatives. The high-level guide developed provides underlying policies and guidance and a foundation for conducting cybersecurity and information systems security-related audits.

The guide is divided into seven sections. The first section describes Federal agency cybersecurity roles and responsibilities. The second section covers cybersecurity policies and guidance for evaluating critical information technology security controls. The next section focuses on guidance regarding the use of vulnerability assessments and penetration testing that Inspector General audit organizations

can perform to evaluate the effectiveness of the system security and access controls implemented, and determine how well systems are protected when subject to attacks. The fourth and fifth sections cover information security continuous monitoring and cloud computing respectively. The sixth section consists of program steps for evaluating an agency’s cybersecurity program and initiatives. The last section outlines program steps for conducting information system security-related audits and evaluations.

(OIG-14-43, February 2014, ITA)

http://www.oig.dhs.gov/assets/Mgmt/2014/OIG_14-43_Feb14.pdf

SUMMARY OF REPORTS UNRESOLVED MORE THAN 6 MONTHS

Timely resolution of outstanding audit recommendations continues to be a priority for both our office and the Department. As of this report date, we are monitoring 54 reports containing 141 recommendations that have been unresolved for more than 6 months.

These reports and recommendations remain unresolved because the Department has not provided us with a complete “management decision” concerning the recommendations. Office of Management and Budget (OMB) Circular A-50, *Audit Follow up*, requires departments and agencies to submit to OIGs a complete “management decision” to resolve OIG recommendations. Further, the circular requires the “management decision” to include three elements, including the department’s or agency’s statement detailing its (1) agreement or disagreement with the recommendation(s), (2) the corrective action(s) planned, and (3) target implementation date, if necessary. We have not received a complete “management decision” for our reports, as follows:

FEMA-related disaster relief fund reports	9
Management reports	45
Total	54

OIG EFFORTS TO IMPROVE TRACKING OF RECURRING FINANCIAL STATEMENT RECOMMENDATIONS

Since 2003, the independent auditing firm, KPMG, which OIG contracted with to audit DHS' financial statements and internal control over financial reporting, has issued a number of recommendations to improve DHS financial management and internal control over financial reporting. Although DHS continues to make progress remediating internal control weaknesses and implementing recommendations, the same or similar weaknesses continued to exist in subsequent years. Consequently, duplicate or similar recommendations were repeated for multiple years and reported in our semiannual reports.

Based on an internal review of all open financial statement audit recommendations, we identified 165 duplicate or similar recommendations that should not be tracked as open recommendations.

We closed 9 recommendations from the FY 2007 reports, 8 from FY 2008, 14 from FY 2009, 26 from FY 2010, 33 from FY 2011, 41 from FY 2012, and 34 from FY 2013. We will only track the original recommendations in our semiannual reports to the Congress.



LEGISLATIVE AND REGULATORY REVIEWS



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

administering DHS programs and operations or on the prevention and detection of fraud, waste, and abuse in DHS programs and operations

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

CONGRESSIONAL TESTIMONY AND BRIEFINGS



○ IG personnel testified before Congress five times during this period. Testimony prepared for these hearings may be accessed on our website at www.oig.dhs.gov

Our office provided testimony at the following hearings:

- November 14, 2013 – House Committee on Homeland Security, Subcommittee on Transportation Security at a hearing entitled, “TSA’s SPOT Program and Initial Lessons From the LAX Shooting.”
- November 15, 2013 – House Committee on Homeland Security, Subcommittee on Oversight and Management Efficiency at a hearing entitled, “DHS Financial Management: Investigating DHS’ Stewardship of Taxpayer Dollars.”
- January 14, 2014 – House Committee on Oversight and Government Reform, Subcommittee on Government Operations at a hearing entitled, “The Transportation Security Administration’s Screening Partnership Program.”
- January 28, 2014 – House Committee on Homeland Security, Subcommittee on Transportation Security at a hearing entitled, “Examining TSA’s Cadre of Criminal Investigators.”
- February 27, 2014 – House Committee on Homeland Security, Subcommittee on Cybersecurity, Infrastructure Protection, and Security Technologies at a hearing entitled, “The Chemical Facility Anti-Terrorism Standards Authorization and Accountability Act of 2014.”

We briefed congressional members and their staffs frequently throughout the reporting period. Our office conducted more than 20 briefings for congressional staff on the results of our work, including: (1) *Evaluation of DHS’ Information Security Program for Fiscal Year 2013* (OIG-14-09); (2) *USSS’ Efforts to Identify, Mitigate, and Address Instances of Misconduct and Inappropriate Behavior* (OIG-14-20); and (3) *Major Management and Performance Challenges Facing the Department of Homeland Security* (OIG-14-17).

APPENDIXES



Appendix 1

Reports with Monetary Findings

Questioned Costs^{(a) (h)}

Report Category	Number		Total Questioned Costs ^(d)	Unsupported Costs ^(e)
	Reports	Recommendations		
A. Reports pending management decision at the start of the reporting period (b)	40	113	\$127,857,723	\$17,989,560
B. Reports issued/processed during the reporting period with questioned costs	23	48	\$88,641,881	\$2,857,697
Total (A+B)	63	161	\$216,499,604	\$20,847,257
C. Reports for which a management decision was made during the reporting period (c) (f)	32	90	\$146,969,610	\$10,940,664
(1) Disallowed costs	22	56	\$14,155,997	\$2,270,390
(2) Accepted costs (g)	20	40	\$81,145,886	\$9,441,627
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	31	71	\$69,529,994	\$9,906,593
F. Reports for which no management decision was made within 6 months of issuance	15	35	\$39,029,144	\$8,546,789

Notes and Explanations:

- (a) The *Inspector General Act*, as amended, 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.
- (b) The unsupported costs beginning balance on line (A) was adjust to include \$99,242 in unsupported costs from report number DD-11-24 that was inadvertently excluded from line (E) of our September 2013 report.
- (c) 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 total questioned costs. Also, resolution may result in values different from the original recommendations.
- (d) **Questioned Costs** – These costs result when auditors question expenses resulting from alleged violations of provisions of laws, regulations, grants, cooperative agreements, or contracts. A “questioned” cost is a finding which, at the time of the audit, is not supported by proper documentation or is unreasonable or unallowable. 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. These questioned costs include ineligible and unsupported costs.

- (e) **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 proper documentation at the time of the audit.
- (f) **Management Decision** – This occurs when DHS management informs us of its intended action in response to a recommendation, and we determine that the proposed action(s) address the finding and the decision conforms to OMB Circular A-50 requirements.
- (g) **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.
- (h) **Federal Share** – This amount represents that portion of a grant award that is 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.

Appendix 1

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

Report Category	Number		Amount
	Reports	Recommendations	
A. Reports pending management decision at the start of the reporting period (j)	10	12	\$28,352,171
B. Reports issued during the reporting period	7	8	\$8,931,319
Total (A+B)	17	20	\$37,283,490
C. Reports for which a management decision was made during the reporting period (b)	12	14	\$29,794,334
(1) Value of recommendations agreed to by management for deobligation/avoidance	6	7	\$7,506,412
(2) Value of recommendations not agreed to by management (allowed by management)	4	4	\$18,089,127
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	5	6	\$7,489,156
F. Reports for which no management decision was made within 6 months of issuance	1	1	\$1,872,416

Notes and Explanations:

- (i) **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.
- (j) The beginning balances on line (A) were adjusted to include an additional report, OIG-13-25, and its recommendation to put \$54,938 in Federal funds to better use that were inadvertently excluded from line (E) of our September 2013 report.

Appendix 2²**Compliance – Resolution of Reports and Recommendations**

MANAGEMENT DECISION IS PENDING	
09/30/2013	
Reports open and unresolved more than 6 months	64
Recommendations open and unresolved more than 6 months	175
03/31/2014	
Reports open and unresolved more than 6 months	55
Recommendations open and unresolved more than 6 months	147
CURRENT INVENTORY	
Open reports at the beginning of the period	261
Reports issued to DHS this period	58
Reports closed this period	83
Open reports at the end of the period	236
ACTIVE RECOMMENDATIONS	
Open recommendations at the beginning of the period	1,065
Recommendations issued this period	325
Recommendations reopened this period	0
Recommendations closed this period	543
Open recommendations at the end of the period	847

² Includes management and disaster relief fund reports

Appendix 3

Reports Issued

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
1. OIG-14-01-D	10/13	FEMA's Application of Rules and Federal Regulations in Determining Debris Removal Eligibility for Livingston Parish, Louisiana	\$0	\$0	\$0
2. OIG-14-02	10/13	DHS' Efforts to Coordinate the Activities of Federal Cyber Operations Centers	\$0	\$0	\$0
3. OIG-14-03-D	10/13	Santa Cruz County, California, Generally Followed Regulations for Spending FEMA Public Assistance Funds	\$160,181	\$0	\$61,320
4. OIG-14-04	11/13	Puerto Rico's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	\$2,567,208	\$571,390	\$0
5. OIG-14-05	11/13	The Commonwealth of the Northern Mariana Islands' Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	\$17,002	\$17,002	\$0
6. OIG-14-06	11/13	Guam's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	\$0	\$0	\$0
7. OIG-14-07-D	11/13	FEMA Should Recover \$154,143 of Public Assistance Grant Funds Awarded to Brevard County, Florida, under Hurricane Wilma	\$154,143	\$0	\$0
8. OIG-14-08-D	11/13	FEMA Should Recover \$615,613 of Public Assistance Grant Funds Awarded to Orlando Utilities Commission under Hurricane Jeanne	\$554,053	\$0	\$0
9. OIG-14-09	11/13	Evaluation of DHS' Information Security Program for Fiscal Year 2013	\$0	\$0	\$0

Appendix 3

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
10. OIG-14-10-D	11/13	FEMA Should Recover \$48.9 Million for Inadequate Insurance Coverage for Holy Cross School, New Orleans, Louisiana	\$48,879,429	\$0	\$0
11. OIG-14-11-D	12/13	FEMA Should Recover \$6.1 Million of Public Assistance Grant Funds Awarded to Orlando Utilities Commission under Hurricane Frances	\$5,510,642	\$0	\$0
12. OIG-14-12-D	12/13	FEMA Should Recover \$10.9 Million of Improper Contracting Costs from Grant Funds Awarded to Columbus Regional Hospital, Columbus, Indiana	\$8,242,875	\$0	\$0
13. OIG-14-13-D	12/13	Brevard County, Florida, Properly Accounted For and Expended FEMA Public Assistance Grant Funds Received Under Tropical Storm Fay	\$32,723	\$0	\$0
14. OIG-14-14	12/13	Oregon's Management of State Homeland Security Grant Program Awards for Fiscal Years 2010 Through 2012	\$727,742	\$0	\$1,528,259
15. OIG-14-15-D	12/13	The City of Chattanooga, Tennessee, Properly Accounted For and Expended FEMA Public Assistance Grant Funds	\$53,280	\$0	\$0
16. OIG-14-16	12/13	American Samoa's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	\$52,292	\$52,292	\$0
17. OIG-14-17	12/13	Major Management and Performance Challenges Facing the Department of Homeland Security	\$0	\$0	\$0
18. OIG-14-18	12/13	Independent Auditors' Report on DHS' FY 2013 Financial Statements and Internal Control Over Financial Reporting	\$0	\$0	\$0

Appendix 3

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
19. OIG-14-19	12/13	United States Citizenship and Immigration Services' Employment-Based Fifth Preference (EB-5) Regional Center Program	\$0	\$0	\$0
20. OIG-14-20	12/13	Adequacy of USSS Efforts to Identify, Mitigate, and Address Instances of Misconduct and Inappropriate Behavior (Redacted)	\$0	\$0	\$0
21. OIG-14-21	12/13	DHS Home-to-Work Transportation	\$0	\$0	\$0
22. OIG-14-22	12/13	Annual Report to Congress on States' and Urban Areas' Management of Homeland Security Grant Programs Fiscal Year 2013	\$0	\$0	\$0
23. OIG-14-23	12/13	Delaware's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012	\$0	\$0	\$0
24. OIG-14-24-D	12/13	The Town of San Anselmo, California, Generally Followed Regulations for Spending FEMA Public Assistance Funds	\$19,575	\$0	\$0
25. OIG-14-25	1/14	Hawaii's Management of Homeland Security Grant Program Awards for Fiscal Years 2009 Through 2011	\$5,683,718	\$857,209	\$1,725,000
26. OIG-14-26-D	1/14	George County, Mississippi, Successfully Managed FEMA's Hazard Mitigation Grant Funds – Hurricane Katrina	\$0	\$0	\$146,617
27. OIG-14-27	1/14	(U) Evaluation of DHS' Intelligence Systems Compliance with FISMA Requirements for FY13	\$0	\$0	\$0

Appendix 3

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
28. OIG-14-28-D	1/14	FEMA Should Recover \$302,775 of Public Assistance Funds Awarded to the City of Oakland, California	\$221,416	\$145,528	\$5,666
29. OIG-14-29	1/14	Fiscal Year 2013 Risk Assessment of DHS Charge Card Abuse Prevention Program	\$0	\$0	\$0
30. OIG-14-30-D	2/14	Rural Electric Cooperative, Lindsay, Oklahoma, Generally Accounted for and Expended FEMA Public Assistance Grant Funds Correctly	\$0	\$0	\$0
31. OIG-14-31	2/14	Wyoming's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012	\$393,752	\$0	\$0
32. OIG-14-32	2/14	Ensuring the Integrity of CBP's Secure Electronic Network for Travelers Rapid Inspection Program (Redacted)	\$0	\$0	\$0
33. OIG-14-33	2/14	U.S. Immigration and Customs Enforcement's Worksite Enforcement Administrative Inspection Process	\$0	\$0	\$0
34. OIG-14-34-D	2/14	The City of Raleigh, North Carolina, Properly Accounted for and Expended FEMA Public Assistance Grant Funds Awarded for April 2011 Disaster	\$0	\$0	\$0
35. OIG-14-35	2/14	Independent Review of U.S. Coast Guard's Reporting of FY 2013 Drug Control Performance Summary Report	\$0	\$0	\$0
36. OIG-14-36	2/14	USCIS Controls To Ensure Employers Sponsoring H-1B and L-1 Employees Pay Applicable Border Security Fee	\$0	\$0	\$0

Appendix 3

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
37. OIG-14-37	2/14	Independent Review of U.S. Immigration and Customs Enforcement's Reporting of FY 2013 Detailed Accounting Submission	\$0	\$0	\$0
38. OIG-14-38	2/14	Review of U.S. Immigration and Customs Enforcement's Reporting of FY 2013 Drug Control Performance Summary Report	\$0	\$0	\$0
39. OIG-14-39	2/14	Independent Review of U.S. Coast Guard's Reporting of FY 2013 Detailed Accounting Submission	\$0	\$0	\$0
40. OIG-14-40	2/14	Independent Review of U.S. Customs and Border Protection's Reporting of FY 2013 Drug Control Performance Summary Report	\$0	\$0	\$0
41. OIG-14-41	2/14	Independent Review of U.S. Customs and Border Protection's Reporting of FY 2013 Detailed Accounting Submission	\$0	\$0	\$0
42. OIG-14-42	2/14	The USCG's Oversight of Recommendations from Deepwater Horizon After Action Reports	\$0	\$0	\$0
43. OIG-14-43	2/14	Management Advisory Report: A Guide for Assessing Cyber Security within the Office of Inspector General Community	\$0	\$0	\$0
44. OIG-14-44-D	2/14	FEMA Should Recover \$5.3 Million of the \$52.1 Million of Public Assistance Grant Funds Awarded to the Bay St. Louis Waveland School District in Mississippi—Hurricane Katrina	\$5,333,797	\$0	\$0
45. OIG-14-45-D	2/14	New Jersey Complied with Applicable Federal and State Procurement Standards when Awarding Emergency Contracts for Hurricane Sandy Debris Removal Activities	\$0	\$0	\$0

Appendix 3

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
46. OIG-14-46-D	2/14	FEMA's Dissemination of Procurement Advice Early in Disaster Response Periods	\$0	\$0	\$0
47. OIG-14-47	2/14	U.S. Customs and Border Protection's Advanced Training Center Acquisition	\$0	\$0	\$0
48. OIG-14-48	3/14	Vermont's Management of State Homeland Security Program Grants Awarded During Fiscal Years 2010 Through 2012	\$0	\$0	\$0
49. OIG-14-49-D	3/14	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	\$8,224,905	\$0	\$0
50. OIG-14-50-D	3/14	FEMA's Initial Response to the Oklahoma Severe Storms and Tornadoes	\$0	\$0	\$0
51. OIG-14-51-D	3/14	The City of Jacksonville, Florida, Successfully Accounted for and Expended FEMA Public Assistance Grant Funds Awarded for Tropical Storm Fay	\$39,959	\$0	\$0
52. OIG-14-52	3/14	Implementation Status of EINSTEIN 3 Accelerated ³	\$0	\$0	\$0
53. OIG-14-53-D	3/14	FEMA Should Recover \$2.3 Million of Unsupported, Unused, and Ineligible Grant Funds Awarded to East Jefferson General Hospital, Metairie, Louisiana	\$768,667	\$325,853	\$1,493,606
54. OIG-14-54-D	3/14	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	\$309,887	\$289,106	\$3,970,851

³ This report has not been made public pending the completion of a sensitivity review. Once a final determination is made, the full report or portions of the report will be posted on our public website.

Appendix 3

Reports Issued (continued)

Report Number	Date Issued	Report Title	Total Questioned Costs ^(a)	Unsupported Costs ^(b)	Funds Put to Better Use
55. OIG-14-55	3/14	DHS' System To Enable Telework Needs a Disaster Recovery Capability	\$0	\$0	\$0
56. OIG-14-56-D	3/14	Santa Cruz Port District Generally Followed Regulations for Spending FEMA Public Assistance Funds	\$74,410	\$27,622	\$0
57. OIG-14-57-D	3/14	FEMA Should Review the Eligibility of \$689,138 of \$5.57 Million in Public Assistance Grant Funds Awarded to Little Egg Harbor Township, New Jersey, for Hurricane Sandy Debris Removal Activities	\$620,225	\$571,695	\$0
58. OIG-14-58-D	3/14	The Village of Saltaire, New York, Generally Managed FEMA's Public Assistance Grant Funds Effectively	\$0	\$0	\$0
59. OIG-14-59	3/14	Independent Auditors' Report on U.S. Customs and Border Protection's FY 2013 Financial Statement	\$0	\$0	\$0
		Totals	\$88,641,881	\$2,857,697	\$8,931,319

Report Number Acronyms:

OIG – A report with an OIG number is a Management report.

OIG-14-XX-D – A report 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 Cost 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 *IG Act*.

Appendix 4

Schedule of Amounts Due and Recovered/Deobligated

Report Number	Date Issued	Auditee	Amount Due (Disallowed)	Recovered/Deobligated Costs
1. DD-16-03 (2003)	9/03	Chicago, Illinois	\$6,274,847	\$6,274,847
2. DS-11-12	9/11	FEMA Public Assistance Grant Funds Awarded to City of Paso Robles, California	\$70,335	\$70,335
3. DD-11-24	9/11	FEMA Public Assistance Grant Funds Awarded to Orleans Parish Criminal Sheriff's Office, Louisiana	\$307,776	\$307,776
4. DS-12-07	3/12	FEMA Public Assistance Grant Funds Awarded to City of Atascadero, California	\$1,991,234	\$1,991,234
5. DD-12-15	6/12	FEMA Public Assistance Grant Funds Awarded to Ochsner Clinic Foundation, New Orleans, Louisiana	\$34,493	\$34,493
6. DD-12-18	8/12	FEMA Public Assistance Grant Funds Awarded to St. Tammany Parish Sheriff's Office, Slidell, Louisiana	\$956,358	\$956,358
7. OIG-13-10	11/12	The Commonwealth of Virginia's Management of State Homeland Security Program and Urban Areas Security Initiative Grants Awarded During Fiscal Years 2008 Through 2010	\$427	\$427
8. DD-13-02	1/13	FEMA Public Assistance Grant Funds Awarded to St John the Baptist Parish, Louisiana	\$164,561	\$164,561
9. DD-13-04	1/13	FEMA Improperly Applied the 50 Percent Rule in Its Decision to Pay for the Replacement of the Martinsville High School, Martinsville, Illinois	\$2,000,457	\$2,000,457
10. DD-13-06	2/13	FEMA Should Recover \$6.7 Million of Ineligible or Unused Funds Awarded to Cameron Parish, Louisiana, for Hurricane Rita	\$83,075	\$83,075
11. DD-13-07	2/13	FEMA Should Recover \$881,956 of Ineligible Funds and \$862,983 of Unused Funds Awarded to St. Charles Parish School Board, Luling, Louisiana	\$7,366	\$7,366
12. DA-13-13	3/13	FEMA Should Recover \$3.2 Million of Public Assistance Grant Funds Awarded to the Moss Point School District - Hurricane Katrina	\$7,883	\$7,883

Appendix 4

Schedule of Amounts Due and Recovered/Deobligated (continued)

Report Number	Date Issued	Auditee	Amount Due (Disallowed)	Recovered/Deobligated Costs
13. DS-13-05	3/13	The California Department of Parks and Recreation Did Not Account for or Expend \$1.8 Million in FEMA Grant Funds According to Federal Regulations and FEMA Guidelines	\$418,219	\$418,219
14. DA-13-16	6/13	FEMA Should Recover \$129,248 of Public Assistance Grant Funds Awarded to City of Palm Beach Gardens, Florida – Hurricane Wilma Activities	\$116,676	\$116,676
15. DA-13-17	6/13	FEMA Should Recover \$3.5 Million of Public Assistance Grant Funds Awarded to the City of Gautier, Mississippi – Hurricane Katrina	\$219,481	\$219,481
16. DA-13-19	6/13	FEMA Should Recover \$401,046 of Public Assistance Grant Funds Awarded to the City of Palm Beach Gardens, Florida – Hurricanes Frances and Jeanne	\$296,063	\$296,063
17. DD-13-12	8/13	FEMA Should Recover \$1.7 Million of Public Assistance Grant Funds Awarded to Audubon Commission, New Orleans, Louisiana	\$1,732,060	\$1,732,060
18. OIG-14-03-D	10/13	Santa Cruz County, California, Generally Followed Regulations for Spending FEMA Public Assistance Funds	\$160,181	\$160,181
19. OIG-14-49-D	3/14	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	\$53,459	\$53,459
20. INV Recoveries	10/13 through 3/14		\$25,267,095	\$25,267,095
Totals			\$40,162,046	\$40,162,046

Report Number Acronyms:

- 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 5⁴

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 October 1, 2013–March 31, 2014.	N/A	N/A	N/A

⁴ *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 6

Peer Review Results

Section 989C of the *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010*, Public Law 111–203, contains additional semiannual reporting requirements pertaining to peer review reports of OIG audit and investigative operations. Federal Inspectors General are required to engage in peer review processes related to both their audit and investigative operations. In compliance with section 989C, our office is reporting the following information related to peer reviews of our operations conducted by other Inspectors General. We are also including information about peer reviews we conducted of other OIGs.

For audits, peer reviews of an audit organization’s system of quality controls are conducted on a 3-year cycle. These reviews are conducted according to the CIGIE’s *Guide for Conducting External Peer Reviews of the Audit Organizations of Federal Offices of Inspector General*, and are based on requirements established by the Government Accountability Office in its Government Auditing Standards, also known as the Yellow Book. Federal audit organizations can receive a rating of pass, pass with deficiencies, or fail.

For investigations, quality assessment peer reviews of investigative operations are conducted on a 3-year cycle as well. These reviews are conducted according to CIGIE’s *Qualitative Assessment Review Guidelines for Investigative Operations of Federal Offices of Inspector General*. Also, these reviews are based on *Quality Standards for Investigations* (2011) and *Quality Standards for Digital Forensics* (2012) issued by CIGIE and applicable CIGIE and Attorney General guidelines. The CIGIE guidelines include *Guidelines on Undercover Operations* (2010). The Attorney General guidelines include the *Attorney General Guidelines for Offices of Inspectors General with Statutory Law Enforcement Authority* (2003), *Attorney General Guidelines for Domestic Federal Bureau of Investigation Operations* (2008), and *Attorney General Guidelines Regarding the Use of Confidential Informants* (2002). Such reviews result in a determination that an organization is “in compliance” or “not in compliance” with relevant standards.

Audits

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 United States Postal Service (USPS) OIG in June 2012, for the FY ending September 30, 2011. We implemented all but one recommendation made by USPS OIG regarding Audit Manual training. Audit Manual training is on hold pending updates to our Audit Manual.

Peer Review Conducted by DHS OIG of Other OIG Audit Operations

We conducted a peer review of the Department of Health and Human Services (HHS) OIG Office of Audit Services for the FY ending September 2011. HHS received a peer review rating of “pass” and we did not issue any recommendations in the System Review Report.

Investigations

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. The review confirmed areas for improvement related to policy and procedures, which we are implementing.

Peer Review Conducted by DHS OIG of Other OIG Investigative Operations

Our Office of Investigations conducted a peer review of the Department of Labor OIG in the fourth quarter of FY 2013. The review covered a period from 2012 to 2013, and the Department of Labor OIG was rated to be compliant.

Appendix 7

Acronyms

ATC	Advanced Training Center
BPA	Border Patrol Agent
CBP	Customs and Border Protection
CFR	Code of Federal Regulations
CIGIE	Council of Inspectors General on Integrity and Efficiency
DHS	Department of Homeland Security
EB-5	Employment-Based Fifth Preference Program
EMO	Office of Emergency Management Oversight
FBI	Federal Bureau of Investigation
FDEM	Florida Division of Emergency Management
FEMA	Federal Emergency Management Agency
FISMA	<i>Federal Information Security Management Act</i>
FY	fiscal year
GAO	Government Accountability Office
GOHSEP	Governor's Office of Homeland Security and Emergency Preparedness
HHS	Department of Health and Human Services
HSI	Homeland Security Investigations
HtW	Home-to-Work
IAA	Interagency Agreement
I&A	Office of Intelligence and Analysis
ICE	United States Immigration and Customs Enforcement
IDHS	Indiana Department of Homeland Security
INV	Office of Investigations
IQO	Office of Integrity and Quality Oversight
IRCA	<i>Immigration Reform and Control Act of 1986</i>
ISP	Office of Inspections
IT	information technology
ITA	Office of Information Technology Audits
KPMG	KPMG LLP
MEMA	Mississippi Emergency Management Agency
NCCIC	National Cybersecurity and Communications Integration Center
NFIP	National Flood Insurance Program
NPPD	National Protection and Programs Directorate
OA	Office of Audits
OCIO	Office of Chief Information Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget

Appendix 7

Acronyms (continued)

ONDCP	Office of National Drug Control Policy
POA&M	Plans of action and milestones
RWA	Reimbursable Work Authorization
SENTRI	Secure Electronic Network for Travelers Rapid Inspection
SHSP	State Homeland Security Program
TSA	Transportation Security Administration
USACE	United States Army Corps of Engineers
UASI	Urban Areas Security Initiative
U.S.	United States
USCG	United States Coast Guard
USCIS	United States Citizenship and Immigration Services
USPS	United States Postal Service
USSS	United States Secret Service
WPaaS	Workplace as a Service

Appendix 8

OIG Contacts and Locations

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Vacant	Director, Office of External Affairs

Appendix 9

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	39
Significant Problems, Abuses, and Deficiencies	8-33
Recommendations with Significant Problems	8-33, 43-46
Prior Recommendations Not Yet Implemented	43-46
Matters Referred to Prosecutive Authorities	Statistical Highlights
Summary of Instances Where Information Was Refused	N/A
List of Audit Reports	47-53
Summary of Significant Audits	8-33
Reports with Questioned Costs	43-44
Reports Recommending that Funds Be Put to Better Use	45
Summary of Reports in which No Management Decision Was Made	35, 43-45
Revised Management Decisions	N/A
Management Decision Disagreements	N/A
Peer Review Results	57

Additional Information:

To view this and any of our other reports, please visit our website at: www.oig.dhs.gov.

For further information or questions, please contact Office of Inspector General (OIG) Office of Public Affairs at: DHS_OIG.OfficePublicAffairs@oig.dhs.gov, or follow us on Twitter at: [@dhsoig](https://twitter.com/dhsoig).

OIG Hotline

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

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

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

